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**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

**SEWER REVENUE BONDS, SERIES 2006 A AND  
SEWER REVENUE BONDS, SERIES 2006 B  
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

**DATE OF CLOSING: MAY 12, 2006**

**BONDS TRANSCRIPT**

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**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)**

**BOND TRANSCRIPT**

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## **SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

### **Sewer Revenue Bonds, Series 2006 A and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture)**

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
CONFORMED RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$4,946,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,104,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD  
OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. South Putnam Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Putnam County of said State, duly created pursuant to the Act by The County Commission of Putnam County.



Section 1.02. Findings and Determinations It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing sewerage facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing sewerage facilities of the Issuer, consisting of approximately 39,500 feet of various sizes of gravity sewer lines, approximately 28,000 feet of various sizes of force mains, one force main crossing of the Kanawha River near Nitro, approximately 196 sewer manholes, twelve smaller sized "grinder" type sewage pumping stations, various connections with existing systems, and surface restoration items, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all funds and accounts and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$7,050,000 of which \$4,946,000 will be obtained from the proceeds of sale of the Series 2006 A Bonds, and \$2,104,000 will be obtained from the proceeds of sale of the Series 2006 B Bonds, both herein authorized.

E. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the aggregate principal amount of \$4,946,000 (the "Series 2006 A Bonds") and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), in the aggregate principal amount of \$2,104,000 (the "Series 2006 B Bonds," and collectively with the Series 2006 A Bonds, the "Series 2006 Bonds"), to finance the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property

rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2006 Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000 (the "Series 1979 Bonds"), (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000 (the "Series 1983 Bonds"), (iii) Sewer Revenue Bonds, Series 1993, dated March 30, 1993, issued in the original aggregate principal amount of \$267,000 (the "Series 1993 Bonds"), (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000 (the "Series 1995 Bonds"), (v) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of \$7,078,000 (the "Series 2002 A Bonds"), and (vi) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregated principal amount of \$1,422,000 (the "Series 2002 B Bonds"). The Series 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, and the Series 2002 B Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds." The Prior Bonds are payable from and secured by Net Revenues of the System.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2006 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated June 15, 2004, respectively, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2006 Bonds, or will have so complied prior to issuance of the Series 2006 Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2006 Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2006 Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the Series 2006 Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means S & S Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02 (F) hereof.

"Depository Bank" means Putnam County Bank, Hurricane, Putnam County, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America.

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means South Putnam Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Putnam County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letters of Conditions of the Purchaser dated June 15, 2004, respectively, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2006 A Bonds or the Series 2006 B Bonds in the then current or any succeeding year.

"Net Revenues" means the balance of the Gross Revenues, as defined below, remaining after deduction of Operating Expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting

principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1979 Bonds, the Series 1983 Bonds, the Series 1993 Bonds, the Series 1995 Bonds, the Series 2002 A Bonds, and the Series 2002 B Bonds.

"Prior Bonds Reserve Accounts" means, collectively, the respective reserve accounts created for the Prior Bonds, as more fully described and defined in the Prior Resolutions.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively, adopted authorizing the issuance of the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury

Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Registered Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Resolutions" means, collectively, the Prior Resolutions and the Bond Legislation.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"RUS Bonds" means the (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000, (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000, (iii) Sewer Revenue Bonds, Series 1993, dated March 30, 1993, issued in the original aggregate principal amount of \$267,000, and the (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000.

"Secretary" means the Secretary of the Governing Body.

"Series 2006 Bonds" means, collectively, the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2006 Bonds Reserve Account" means collectively, the Series 2006 A Bonds Reserve Account and the Series 2006 Bonds Reserve Account.

"System" means the complete public sewerage system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter acquired or constructed for the System from any sources whatsoever.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.



## ARTICLE II

### AUTHORIZATION OF REFUNDING ACQUISITION AND CONSTRUCTION OF THE PROJECT

#### Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$7,050,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2006 Bonds hereby authorized shall be applied as provided in Article IV hereof.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2006 Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture)" and "Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amounts \$4,946,000 and \$2,104,000, respectively, for the purpose of financing the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2006 A Bonds shall be issued in single form, numbered AR-1 and the Series 2006 B Bonds shall be issued in single form, numbered BR-1, each only as fully registered Bonds, and shall be dated the date of delivery thereof. The Series 2006 Bonds shall bear interest from the date of delivery, each payable monthly at the rate of 4.375% per annum, and shall be sold for the par value thereof.

The Series 2006 Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds  
The Series 2006 Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2006 Bonds, and the right to principal of and stated interest on the Series 2006 Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2006 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2006 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2006 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2006 Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2006 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2006 Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2006 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2006 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2006 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2006 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2006 Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2006 Bonds shall cease to be such officer of the Issuer before the Series 2006 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2006 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2006 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2006 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2006 Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2006 Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2006 Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2006 Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2006 Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ \_\_\_\_\_

No. AR-1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of \_\_\_\_\_% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ \_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted \_\_\_\_\_, 2006, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:

(1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000 (THE "SERIES 1979 BONDS");

(2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000 (THE "SERIES 1983 BONDS");

(3) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$267,000 (THE "SERIES 1993 BONDS");

(4) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,300,000 (THE "SERIES 1995 BONDS");

(5) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,078,000 (THE "SERIES 2002 A BONDS");

(6) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF \$1,422,000 (THE "SERIES 2002 B BONDS"); AND

(7) SEWER REVENUE BONDS, SERIES 2006 B, DATED \_\_\_\_\_, 2006 (THE "SERIES 2006 B BONDS"), ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Left Blank]



IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

\_\_\_\_\_  
Chairman, Public Service Board

ATTEST:

\_\_\_\_\_  
Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

| AMOUNT  | DATE | AMOUNT  | DATE |
|---------|------|---------|------|
| (1) \$  |      | (19) \$ |      |
| (2) \$  |      | (20) \$ |      |
| (3) \$  |      | (21) \$ |      |
| (4) \$  |      | (22) \$ |      |
| (5) \$  |      | (23) \$ |      |
| (6) \$  |      | (24) \$ |      |
| (7) \$  |      | (25) \$ |      |
| (8) \$  |      | (26) \$ |      |
| (9) \$  |      | (27) \$ |      |
| (10) \$ |      | (28) \$ |      |
| (11) \$ |      | (29) \$ |      |
| (12) \$ |      | (30) \$ |      |
| (13) \$ |      | (31) \$ |      |
| (14) \$ |      | (32) \$ |      |
| (15) \$ |      | (33) \$ |      |
| (16) \$ |      | (34) \$ |      |
| (17) \$ |      | (35) \$ |      |
| (18) \$ |      | (36) \$ |      |
| TOTAL   |      | \$      |      |

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto  
the within Bond and does hereby irrevocably constitute and appoint  
\_\_\_\_\_, Attorney to transfer the said Bond on the books kept  
for registration of the within Bond of the said Issuer with full power of substitution in the  
premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(FORM OF BOND)

UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2006 B  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ \_\_\_\_\_

No. BR-1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of \_\_\_\_\_ % per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ \_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted \_\_\_\_\_, 2006, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:

(1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000 (THE "SERIES 1979 BONDS");

(2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000 (THE "SERIES 1983 BONDS");

(3) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$267,000 (THE "SERIES 1993 BONDS");

(4) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,300,000 (THE "SERIES 1995 BONDS");

(5) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,078,000 (THE "SERIES 2002 A BONDS");

(6) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF \$1,422,000 (THE "SERIES 2002 B BONDS"); AND

(7) SEWER REVENUE BONDS, SERIES 2006 A, DATED \_\_\_\_\_, 2006 (THE "SERIES 2006 A BONDS"), ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto  
affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove  
written.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

\_\_\_\_\_  
Chairman, Public Service Board

ATTEST:

\_\_\_\_\_  
Secretary, Public Service Board



(Form of)

RECORD OF ADVANCES

| AMOUNT  | DATE | AMOUNT  | DATE |
|---------|------|---------|------|
| (1) \$  |      | (19) \$ |      |
| (2) \$  |      | (20) \$ |      |
| (3) \$  |      | (21) \$ |      |
| (4) \$  |      | (22) \$ |      |
| (5) \$  |      | (23) \$ |      |
| (6) \$  |      | (24) \$ |      |
| (7) \$  |      | (25) \$ |      |
| (8) \$  |      | (26) \$ |      |
| (9) \$  |      | (27) \$ |      |
| (10) \$ |      | (28) \$ |      |
| (11) \$ |      | (29) \$ |      |
| (12) \$ |      | (30) \$ |      |
| (13) \$ |      | (31) \$ |      |
| (14) \$ |      | (32) \$ |      |
| (15) \$ |      | (33) \$ |      |
| (16) \$ |      | (34) \$ |      |
| (17) \$ |      | (35) \$ |      |
| (18) \$ |      | (36) \$ |      |
| TOTAL   |      | \$      |      |

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto  
\_\_\_\_\_  
the within Bond and does hereby irrevocably constitute and appoint  
\_\_\_\_\_, Attorney to transfer the said Bond on the books kept  
for registration of the within Bond of the said Issuer with full power of substitution in the  
premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_

## ARTICLE IV

### SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01.      A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (established by the Prior Resolutions);
- (3) Series 2006 A Bonds Project Construction Account; and
- (4) Series 2006 B Bonds Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and from each other:

- (1) Series 2006 A Bonds Reserve Account; and
- (2) Series 2006 B Bonds Reserve Account.

Section 4.02.      Bond Proceeds; Project Construction Accounts . The proceeds of the sale of the Series 2006 A Bonds shall be deposited upon receipt by the Issuer in the Series 2006 A Bonds Project Construction Account. The proceeds of the sale of the Series 2006 B Bonds shall be deposited upon receipt by the Issuer in the Series 2006 B Bonds Project Construction Account. The monies in the Series 2006 A Bonds Project Construction Account and Series 2006 B Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2006 A Bonds Project Construction Account and Series 2006 B Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2006 A Bonds Project Construction Account and Series 2006 B Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2006 Bonds Project Construction Account and Series 2006 B Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2006 Bonds, respectively, if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2006 A Bonds Project Construction Account and Series 2006 B Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2006 A Bonds Project Construction Account or Series 2006 B Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds.

So long as any of the Series 2006 A Bonds or Series 2006 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account or Series 2006 B Bonds Reserve Account, respectively, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 A Bonds or Series 2006 B Bonds, as applicable, remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolutions not otherwise modified herein:

(1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to (i) the Commission or the National Finance Office, as applicable, the amounts required by the Prior Resolutions to first pay interest and then pay principal on the Prior Bonds; and (ii) the National Finance Office, the amounts required to pay the interest on the Series 2006 Bonds and to amortize the principal of the Series 2006 Bonds over the life of each respective Bond issue. All payments with respect to principal of and interest on the Series 2006 Bonds and the Prior Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Commission or the Depository Bank, as applicable, the amounts required by the Prior Resolutions to be deposited in the Prior Bonds Reserve Accounts; (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2006 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2006 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve; and (iii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2006 B Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2006 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the respective Series 2006 Bonds Reserve Accounts shall be used solely to make up any deficiency for the respective monthly payments of the principal of and interest on the Series 2006 Bonds to the National Finance

Office as the same shall become due or for prepayment of installments on the respective Series 2006 Bonds, or for mandatory prepayment of the respective Series 2006 Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in each Series 2006 Bonds Reserve Account, so long as the respective Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (as previously set forth in the Prior Resolutions) to the Renewal and Replacement Fund, the amounts required by the Prior Resolutions; provided, that, as long as the RUS Bonds remain outstanding, the Issuer must accumulate in the Renewal and Replacement Fund the aggregate sum of \$200,000 and maintain such sum therein and shall use the monies therein as provided by the Prior Resolutions, except that any deficiencies in the debt service payments on the Series 2006 A Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII of the respective Prior Bonds Resolutions. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(5) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Series 2006 A Bonds Reserve Account shall be sufficient to prepay the Series 2006 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding,

to prepay the Series 2006 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2006 B Bonds Reserve Account shall be sufficient to prepay the Series 2006 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2006 B Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2006 A Bonds Reserve Account and Series 2006 B Bonds Reserve Account. All amounts required for the respective Series 2006 Bonds Reserve Accounts will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2006 A Bonds Reserve Account and the Series 2006 B Bonds Reserve Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds, Series 2006 B Bonds and the interest thereon, on a parity with the Prior Bonds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2006 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the respective Series 2006 A Bonds Reserve Account and Series 2006 B Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless

otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the respective Series 2006 Bonds Reserve Accounts, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2006 Bonds, provide evidence that there will be at least 7923 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

G. REMITTANCES. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.



## ARTICLE V

### GENERAL COVENANTS, ETC.

Section 5.01.      General Statement. So long as the Series 2006 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the respective Series 2006 Bonds Reserve Accounts, sums sufficient to prepay the entire principal of the respective Series 2006 Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2006 Bonds.

Section 5.02.      Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2006 Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03.      Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2006 Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04.      Issuance of Additional Parity Bonds or Obligation So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser and the Holders of the Prior Bonds.

So long as the Series 2006 Bonds and the Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds than proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Purchaser.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2006 Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Resolutions.

Section 5.05.      Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2006 Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2006 Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2006 Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06.      Statutory Mortgage Lien. For the further protection of the Holder of the Series 2006 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2006 Bonds.

Section 5.07.      Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2006 Bonds at the date specified for payment thereof;

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2006 Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

(c) If a default occurs with respect to the Prior Bonds or the Prior Resolutions.

Section 5.08.      Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2006 Bonds.

Section 5.09.      Fiscal Year; Budget. While the Series 2006 Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no

expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10.      Compensation of Members of Governing Body The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11.      Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12.      Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2006 Bonds are outstanding.

Section 5.14.      No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on December 4, 2005, Case No. 05-1146-PSD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

## ARTICLE VII

### MISCELLANEOUS

Section 7.01.      Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2006 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2006 Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2006 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2006 Bonds, the Issuer may not defease the Series 2006 Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02.      Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03.      Delivery of Bonds The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2006 Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04.      Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2006 Bonds.

Section 7.05.      Conflicting Provisions Repealed The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06.      Table of Contents and Headings The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall



neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07.      Covenant of Due Procedure, Etc The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

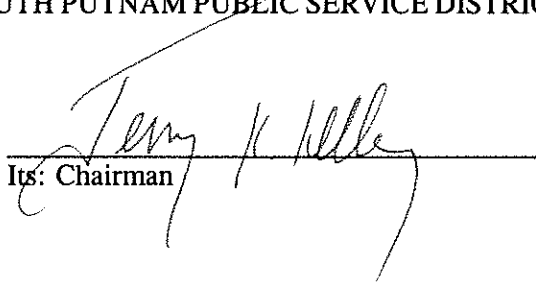
Section 7.08.      Effective Time .      This Resolution shall take effect immediately upon its adoption.

Adopted this 25th day of April, 2006.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

By: \_\_\_\_\_

Its: Chairman

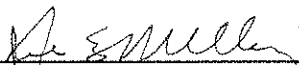
A handwritten signature in cursive script, appearing to read "Terry K. Kelley", is written over a horizontal line. The signature is written in dark ink and is somewhat stylized.

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 25th day of April, 2006.

Dated: May 12, 2006.

[SEAL]

  
Secretary



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION APPROVING THE  
CONFORMED BOND RESOLUTION; AND MAKING OTHER  
PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of South Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective April 25, 2006 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$4,946,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,104,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein; and

WHEREAS, the Resolution has been revised pursuant to comments received after its adoption and the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Conformed Bond Resolution be approved and entered into by the Issuer;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

Section 1. The Issuer hereby approves the Conformed Bond Resolution  
attached hereto as Exhibit A.

Section 2. This Supplemental Resolution shall be effective immediately  
following adoption hereof.

Adopted this 10th day of May, 2006.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT


By: \_\_\_\_\_

Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of South Putnam Public Service District on May 10, 2006, which Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated this 12th day of May, 2006.

  
\_\_\_\_\_  
Secretary

05/09/06  
847280.00005

EXHIBIT A

CONFORMED BOND RESOLUTION

(See Tab No. 1)

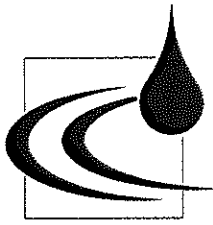




ON FILE WITH ISSUER







WEST VIRGINIA

**Water Development Authority**

*Celebrating 31 Years of Service 1974 - 2005*

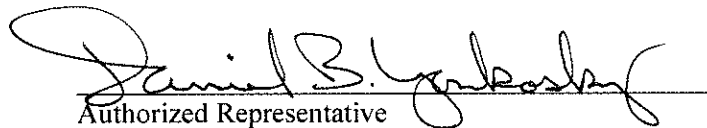
May 12, 2006

South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Bassett & Lowe, independent certified public accountants and the opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met (copies of which are attached hereto), the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, of South Putnam Public Service District (the "Issuer"), hereby consents to the issuance of the \$4,946,000 Sewer Revenue Bonds, Series 2006 A and \$2,104,000 Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) (collectively, the "Bonds"), by the Issuer, under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment with Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of \$1,422,000 (the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
Authorized Representative





**United States Department of Agriculture  
Rural Development  
West Virginia State Office**

May 12, 2006

South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

**TO WHOM IT MAY CONCERN:**

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the original aggregate principal amount of \$4,946,000 and the Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), in the original aggregate principal amount of \$2,104,000 (collectively, the "Bonds"), by South Putnam Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000, (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000, (iii) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000, and (iv) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of \$7,078,000 (collectively, the "Prior Bonds"); and (b) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution; and (c) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESSETH my signature on this 12th day of May, 2006.

A handwritten signature in black ink, consisting of a series of loops and flourishes, written over a horizontal line.

State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500  
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

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PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Issued: November 23, 2005

**FINAL**

12-4-05

Per Commission  
order waiving  
exception period

CASE NO. 05-1146-PSD-CN

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

Application for a certificate of convenience and necessity for the construction, operation and maintenance of two extensions to the District's sewer system in Putnam County, West Virginia, for approval of financing related thereto, for approval of increased rates and charges, and for approval of a Wastewater Service Agreement with the City of Nitro.

RECOMMENDED DECISION

On August 3, 2005, South Putnam Public Service District ("District"), by counsel Robert R. Rodecker, filed with the Public Service Commission ("Commission") an application for a certificate of convenience and necessity for the construction, operation and maintenance of a project, called the Kanawha Valley Project, comprised of two extensions (called the "Midway Extension" and the "Shawnee Estates/Teays Pointe Extension") to the District's sewer system in Putnam County, West Virginia. The District further requested that its rates be increased and that the Commission approve a Wastewater Service Agreement ("Agreement") with the City of Nitro ("Nitro"), whereby Nitro agreed to treat wastewater collected by the completed Project; the agreement was attached. The application and the supporting documents demonstrate the following: The estimated total project is \$7,050,000, to be funded by separate Rural Utilities Service ("RUS") loans, for \$2,104,000 (for the Midway Extension) and for \$4,946,000 (for the Shawnee Estates/Teays Point Extension); both are for forty years at an interest rate not to exceed 4.375% per annum. The State of West Virginia Office of Environmental Health Services ("Health Services") issued the following permits for the Shawnee Estates/Teays Point Extension: No. 15,338 on August 8, 2002; No. 15,709 on July 15, 2003; and 16,226 on September 15, 2004. Health Services issued Permit No. 15,708 for the Midway Extension on July 15, 2003. Other governmental agencies have also granted permits and approvals. The District's present tariff has a separate schedule for customers formerly served by Putnam Utilities Corporation; those customers' rates are lower than those of the other customers of the District. The District proposed that the rates be consolidated into one schedule; the rate increase for

the agreement. Since the agreement has not been amended, a second approval would be inappropriate.

Otherwise, Staff's recommendations will be adopted.

### FINDINGS OF FACT

1. On August 3, 2005, South Putnam Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity for the construction, operation and maintenance of a project, called the Kanawha Valley Project, comprised of two extensions (called the "Midway Extension" and the "Shawnee Estates/Teays Pointe Extension") to the District's sewer system in Putnam County, West Virginia. The District further requested that its rates be increased by 19.55% and that two schedules of its tariff be consolidated. The District moreover proposed that the tap fee for customers applying for service outside of a certificate proceeding be increased from \$250 to \$300 and that its reconnection fee be increased from \$25 to \$40. The District also requested that the Commission approve a Wastewater Service Agreement with the City of Nitro, whereby Nitro agreed to treat wastewater collected by the completed Project. (See application).

2. The District published the Notice of Filing on August 11, 2005, in The Putnam Democrat, and no protest was filed. The District also individually notified its customers of its rate increase request. (See affidavit filed August 23, 2005; case file generally; October 20, 2005 filing).

3. The State of West Virginia Office of Environmental Health Services ("Health Services") issued the following permits for the Shawnee Estates/Teays Point Extension: No. 15,338 on August 8, 2002; No. 15,709 on July 15, 2003; and 16,226 on September 15, 2004. Health Services issued Permit No. 15,708 for the Midway Extension on July 15, 2003. Other governmental agencies have also granted permits and approvals, but some permits are outstanding. (See application; Final Joint Staff Memorandum filed November 1, 2005).

4. The project is estimated to cost \$7,050,000, of which \$4,859,640 is the estimated construction cost. (See application; Final Joint Staff Memorandum).

5. The two parts of the project will be funded by separate Rural Utilities Service loans, for \$2,104,000 (for the Midway Extension) and for \$4,946,000 (for the Shawnee Estates/Teays Point Extension); both are for forty years at an interest rate not to exceed 4.375% per annum. (See application; Final Joint Staff Memorandum).

6. Staff concluded that the project was needed, in order to provide water service to approximately 550 new customers, replacing nine package sewer plants, one sewage treatment

lagoon and a large number of septic systems, most of which have been unreliable. Staff also found the costs to be reasonable. (See Final Joint Staff Memorandum).

7. Staff recommended that the application be granted and the project approved, contingent upon receipt and filing of all outstanding necessary federal, state and local permits and approvals for the project. Staff also recommended that the funding for the project be approved. (See Final Joint Staff Memorandum).

8. Staff agreed with the District that the rate schedules should be consolidated but, rather than the requested 19.55% rate increase, Staff recommended a 9.14% increase, which would produce total revenues of \$3,631,930 and a cash surplus of \$413,685. The Staff-recommended rate increase, along with revenue from the additional customers added by the project, would generate additional annual revenues of approximately \$480,992. The Staff-recommended rates would provide a debt service coverage of 147.88%. Staff agreed with the District that the tap fee should be increased to \$300 and also recommended that the pre-construction tap fee be increased from \$50 to \$100. Staff modified the District's tariff so that there would not be only a reconnection charge; rather, Staff recommended a \$20 disconnection charge and a \$20 reconnection charge. (See Final Joint Staff Memorandum; Staff Rule 42 Exhibit).

9. Technical Staff recommended that the agreement with Nitro be approved. Legal Staff agreed, but additionally recommended that "the current sewer agreement with the Town of Eleanor be approved in order to serve the additional customer[s] in the Midway area extension[.]" (See Final Joint Staff Memorandum).

10. The District did not object to Staff's recommendations, although provided the opportunity to do so. (See cover letter to Final Joint Staff Memorandum; case file generally).

### CONCLUSIONS OF LAW

1. It is appropriate to grant the application, pursuant to W.Va. Code §§16-13A-25 and 24-2-11, and to approve the project, contingent upon the District's filing copies of all necessary outstanding permits, because the public convenience and necessity require the project and no protest was filed.

2. It is also appropriate to approve the project's funding because the funding is reasonable and Commission Staff has recommended such approval.

3. It is appropriate to approve the rate increases recommended by Staff, and the other Staff-recommended tariff changes, as stated in Finding of Fact 8 and provided in Appendix A hereto, because they are reasonable and necessary to cover the District's expenses and provide adequate debt

service coverage; the District has not objected to the Staff-recommended rates; and no protest was filed.

4. It is appropriate to approve the Wastewater Service Agreement between the District and the City of Nitro.

5. It would be inappropriate to again approve the agreement between the District and the Town of Eleanor, which was approved in Case No. 01-0597-PSD-CN (March 4, 2002), because it has not been amended.

### ORDER

IT IS, THEREFORE, ORDERED that the application filed on August 3, 2005, by South Putnam Public Service District for a certificate of convenience and necessity for the construction, operation and maintenance of the Kanawha Valley Project, comprised of two extensions, is granted, and the project is approved.

IT IS FURTHER ORDERED that, prior to commencing construction, South Putnam Public Service District file all outstanding necessary permits and approvals.

IT IS FURTHER ORDERED that the funding for the project, two loans from the Rural Utilities Service, for \$2,104,000 and \$4,946,000, payable over forty years at an interest rate not to exceed 4.375% per annum, is approved.

IT IS FURTHER ORDERED that the rate and tap fee increases contained in the Approved Tariff, attached hereto as Appendix A, are approved, to become effective upon completion of the project.

IT IS FURTHER ORDERED that South Putnam Public Service District file with the Commission's Tariff Office an original and five (5) copies of the approved tariff within thirty (30) days of the date that the certificated project becomes operational.

IT IS FURTHER ORDERED that, if there is any change in the cost of the project, estimated at \$7,050,000, or in the terms, conditions or scheduling of the project, South Putnam Public Service District file a petition with the Commission for approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if the project requires the use of rights-of-way of the Division of Highways, South Putnam Public Service District comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that South Putnam Public Service District file with the Commission a certificate of substantial completion of the project when the project is substantially complete.

IT IS FURTHER ORDERED that Wastewater Service Agreement between the District and the City of Nitro is approved.

IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon Commission Staff by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed, this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Sunya Anderson  
Administrative Law Judge

SA:s  
051146a.wpd

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
CASE NO. 05-1146-PSD-CN  
APPROVED TARIFF

SCHEDULE NO. I

APPLICABILITY

Applicable within the entire territory served including the area formerly served by Putnam Utilities Corporation.

AVAILABILITY

Available for general domestic, commercial and industrial sewer service.

RATES (customers with metered water supply)

Each 1,000 gallons used per month \$6.45 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$12.90 per month, which is the equivalent of 2,000 gallons of usage with a 5/8" meter.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SURCHARGE

Excess Pension Cost Surcharge - \$0.091 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

ALTERNATIVE MEASUREMENT OF SEWAGE

Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request South Putnam Public Service District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchase and installing the meter and, upon installation of such waste discharge meter, the rates of the customer shall be based upon the volume of waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of

the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

### SCHEDULE NO. 2

#### APPLICABILITY

Applicable within the entire territory served.

#### AVAILABILITY

Available for sanitary sewer service to unmetered water users and users who obtain water from wells.

#### FLAT RATE CHARGE

Equivalent of 3,000 gallons of water usage, \$19.35 per month

#### SURCHARGE

Excess Pension Cost Surcharge - \$0.091 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

#### DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

### SCHEDULE NO. 3

#### APPLICABILITY

Applicable within the entire territory served.

#### TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of \$300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Hurricane and West Virginia American Water Company, a disconnection fee of \$20.00 shall be charged; or in the event the delinquent sewer bill is collected by the water company, an administrative fee of \$20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Hurricane and West Virginia American Water Company is reconnected, a reconnection fee of \$20.00 shall be charged.

SCHEDULE NO. 4

SURCHARGE FORMULA TO BE APPLIED TO A CUSTOMER PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$C_i = V_o V_i + B_o B_i + S_o S_i$$

$C_i$  = charge to unusual users per year

$V_o$  = average unit cost of transport and treatment chargeable to volume, in dollars per gallon

$V_i$  = volume of wastewater from unusual users, in gallons per year

$B_o$  = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound

$B_i$  = weight of BOD from unusual users, in pounds per year

$S_o$  = average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound

$S_i$  = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgement of the utility should not be introduced into the sewer system, need not be handled by it. The results



of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the utility records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the utility, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

#### SCHEDULE NO. 5

#### APPLICABLE INSIDE AND OUTSIDE THE CORPORATE LIMITS OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the South Putnam waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the South Putnam Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

#### SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SEWER SYSTEM

#### APPLICABILITY

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

APPENDIX A  
Sheet 5 of 5

$$S = A \times R \times .0006233 \times C$$

S = The surcharge in dollars

A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.

R = The measured monthly rainfall, in inches

.0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.

C = The utility's approved rate per thousand gallons of metered water usage.

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules of the Public Service Commission of West Virginia.



**LOAN RESOLUTION**  
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE South Putnam Public Service DistrictAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Shawnee Estates/Teays Pointe

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the South Putnam Public Service District  
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

**FOUR MILLION NINE HUNDRED FORTY-SIX THOUSAND AND XX / 100 DOLLARS (\$4,946,000.00)**pursuant to the provisions of Chapter 16 Article 13A, West Virginia Code : and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 2 Nays 0 Absent 1

IN WITNESS WHEREOF, the Board of Directors of the

South Putnam Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 15th day of June, 2004

South Putnam Public Service District

(SEAL)

By

Jerry K. Kelley

Title

Chairman

Attest:

R. Jane Carte  
**R. Jane Carte**

Title Secretary

### CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the South Putnam Public Service District

hereby certify that the Board of Directors of such Association is composed of

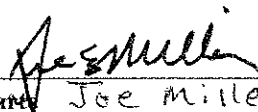
3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and

held on the 15th day of June, 2004; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of May 12, 2006

the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 12th day of May, 2006

  
Joe Miller  
Title Secretary

**LOAN RESOLUTION**  
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE South Putnam Public Service DistrictAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Midway Sewer

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the South Putnam Public Service District  
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

**TWO MILLION ONE HUNDRED FOUR THOUSAND AND XX / 100 DOLLARS (\$2,104,000.00)**pursuant to the provisions of Chapter 16 Article 13A , West Virginia Code ; and

**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be require. the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 2 Nays 0 Absent 1

IN WITNESS WHEREOF, the Board of Directors of the

South Putnam Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 15th day of June, 2004

South Putnam Public Service District

(SEAL)

By

Jerry K. Kelley

Title

Chairman

Attest:

R. Jane Carte  
**R. Jane Carte**

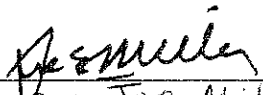
Title Secretary



### CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the South Putnam Public Service District  
hereby certify that the Board of Directors of such Association is composed of  
3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and  
held on the 15th day of June, 2004; and that the foregoing resolution was adopted at such meeting  
by the vote shown above. I further certify that as of May 12, 2006  
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been  
rescinded or amended in any way.

Dated, this 12th day of May, 2006

  
Joe Miller  
Title Secretary



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

RECEIPT FOR BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 12th day of May, 2006, at Scott Depot, West Virginia, the undersigned received for the Purchaser the single, fully registered South Putnam Public Service District Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$4,946,000 (the "Series 2006 A Bonds") and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), No. BR-1, in the principal amount of \$2,104,000 (the "Series 2006 B Bonds"), dated the date hereof, bearing interest at the rate of 4.375% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.
2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Public Service Board of South Putnam Public Service District (the "Issuer").
3. At the time of such receipt, there was paid to the Issuer the sum of \$135,486.25, being a portion of the principal amount of the Series 2006 A Bonds and \$322,832.73, being a portion of the principal amount of the Series 2006 B Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 12th day of May, 2006.

  
\_\_\_\_\_  
Authorized Representative

04/21/06  
847280.00005





SPECIMEN

UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$4,946,000

No. AR-1

Date: May 12, 2006

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR MILLION NINE HUNDRED FORTY-SIX THOUSAND DOLLARS (\$4,946,000), plus interest on the unpaid principal balance at the rate of 4.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$22,307, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted April 25, 2006, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:

(1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000 (THE "SERIES 1979 BONDS");

(2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000 (THE "SERIES 1983 BONDS");

(3) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$267,000 (THE "SERIES 1993 BONDS");

(4) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,300,000 (THE "SERIES 1995 BONDS");

(5) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,078,000 (THE "SERIES 2002 A BONDS");



(6) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF \$1,422,000 (THE "SERIES 2002 B BONDS"); AND

(7) SEWER REVENUE BONDS, SERIES 2006 B, DATED MAY 12, 2006 (THE "SERIES 2006 B BONDS"), ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,104,000.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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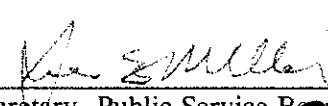
IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

  
\_\_\_\_\_  
Chairman, Public Service Board

ATTEST:

  
\_\_\_\_\_  
Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

| AMOUNT |               | DATE         | AMOUNT |    | DATE |
|--------|---------------|--------------|--------|----|------|
| (1)    | \$ 135,486.25 | May 12, 2006 | (19)   | \$ |      |
| (2)    | \$            |              | (20)   | \$ |      |
| (3)    | \$            |              | (21)   | \$ |      |
| (4)    | \$            |              | (22)   | \$ |      |
| (5)    | \$            |              | (23)   | \$ |      |
| (6)    | \$            |              | (24)   | \$ |      |
| (7)    | \$            |              | (25)   | \$ |      |
| (8)    | \$            |              | (26)   | \$ |      |
| (9)    | \$            |              | (27)   | \$ |      |
| (10)   | \$            |              | (28)   | \$ |      |
| (11)   | \$            |              | (29)   | \$ |      |
| (12)   | \$            |              | (30)   | \$ |      |
| (13)   | \$            |              | (31)   | \$ |      |
| (14)   | \$            |              | (32)   | \$ |      |
| (15)   | \$            |              | (33)   | \$ |      |
| (16)   | \$            |              | (34)   | \$ |      |
| (17)   | \$            |              | (35)   | \$ |      |
| (18)   | \$            |              | (36)   | \$ |      |
| TOTAL  |               |              | \$     |    |      |

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto  
\_\_\_\_\_  
the within Bond and does hereby irrevocably constitute and appoint  
\_\_\_\_\_, Attorney to transfer the said Bond on the books kept  
for registration of the within Bond of the said Issuer with full power of substitution in the  
premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:  
  
\_\_\_\_\_

04.25.06  
847280.00005



# SPECIMEN

UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2006 B  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$2,104,000

No. AR-1

Date: May 12, 2006

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO MILLION ONE HUNDRED FOUR THOUSAND DOLLARS (\$2,104,000), plus interest on the unpaid principal balance at the rate of 4.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$9,490, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted April 25, 2006, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:

(1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000 (THE "SERIES 1979 BONDS");

(2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000 (THE "SERIES 1983 BONDS");

(3) SEWER REVENUE BONDS, SERIES 1993, DATED MARCH 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$267,000 (THE "SERIES 1993 BONDS");

(4) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,300,000 (THE "SERIES 1995 BONDS");

(5) SEWER REVENUE BONDS, SERIES 2002 A, DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,078,000 (THE "SERIES 2002 A BONDS");



(6) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED IN THE ORIGINAL AGGREGATED PRINCIPAL AMOUNT OF \$1,422,000 (THE "SERIES 2002 B BONDS"); AND

(7) SEWER REVENUE BONDS, SERIES 2006 A, DATED MAY 12, 2006 (THE "SERIES 2006 A BONDS"), ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,946,000.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

  
\_\_\_\_\_  
Chairman, Public Service Board

ATTEST:

  
\_\_\_\_\_  
Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

| AMOUNT |    | DATE       |              | AMOUNT |    | DATE |  |
|--------|----|------------|--------------|--------|----|------|--|
| (1)    | \$ | 332,832.73 | May 12, 2006 | (19)   | \$ |      |  |
| (2)    | \$ |            |              | (20)   | \$ |      |  |
| (3)    | \$ |            |              | (21)   | \$ |      |  |
| (4)    | \$ |            |              | (22)   | \$ |      |  |
| (5)    | \$ |            |              | (23)   | \$ |      |  |
| (6)    | \$ |            |              | (24)   | \$ |      |  |
| (7)    | \$ |            |              | (25)   | \$ |      |  |
| (8)    | \$ |            |              | (26)   | \$ |      |  |
| (9)    | \$ |            |              | (27)   | \$ |      |  |
| (10)   | \$ |            |              | (28)   | \$ |      |  |
| (11)   | \$ |            |              | (29)   | \$ |      |  |
| (12)   | \$ |            |              | (30)   | \$ |      |  |
| (13)   | \$ |            |              | (31)   | \$ |      |  |
| (14)   | \$ |            |              | (32)   | \$ |      |  |
| (15)   | \$ |            |              | (33)   | \$ |      |  |
| (16)   | \$ |            |              | (34)   | \$ |      |  |
| (17)   | \$ |            |              | (35)   | \$ |      |  |
| (18)   | \$ |            |              | (36)   | \$ |      |  |
| TOTAL  |    |            |              | \$     |    |      |  |

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto  
\_\_\_\_\_  
the within Bond and does hereby irrevocably constitute and appoint  
\_\_\_\_\_, Attorney to transfer the said Bond on the books kept  
for registration of the within Bond of the said Issuer with full power of substitution in the  
premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:  
  
\_\_\_\_\_

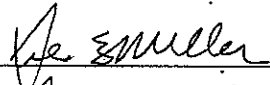
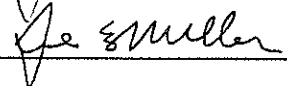
04.25.06  
847280.00005



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2006 A  
AND  
SEWER REVENUE BONDS, SERIES 2006 B  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

| Note No. | Date of<br>Registration | In Whose Name<br>Registered | Signature of<br>Recorder<br>of Registrar   |
|----------|-------------------------|-----------------------------|--|
| AR-1     | May 12, 2006            | United States of America    |   |
| BR-1     | May 12, 2006            | United States of America    |  |
|          |                         |                             |  |
|          |                         |                             |  |
|          |                         |                             |  |
|          |                         |                             |  |
|          |                         |                             |  |
|          |                         |                             |  |
|          |                         |                             |  |
|          |                         |                             |  |
|          |                         |                             |  |
|          |                         |                             |  |

04.21.06  
847280.00005







May 12, 2006

South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by South Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its \$4,946,000 Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted April 25, 2006 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000, (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal

amount of \$750,000, (iii) Sewer Revenue Bonds, Series 1993, dated March 30, 1993, issued in the original aggregate principal amount of \$267,000, (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000, (v) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of \$7,078,000, (vi) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of \$1,422,000; and (vii) Sewer Revenue Bonds, Series 2006 B, issued concurrently herewith in the original aggregate principal amount of \$2,104,000, all in accordance with the Bonds and the Bond Legislation.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Resolution and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

  
STEPTOE & JOHNSON PLLC



Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Bank One Center, Eighth Floor

P.O. Box 1588

Charleston, WV 25326-1588

(304) 353-8000 (304) 353-8180 Fax

[www.steptoe-johnson.com](http://www.steptoe-johnson.com)

Writer's Contact Information

May 12, 2006

South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by South Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its \$2,104,000 Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted April 25, 2006 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000, (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000, (iii) Sewer Revenue Bonds, Series 1993, dated March 30, 1993, issued in the original aggregate principal amount of \$267,000, (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000, (v) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of \$7,078,000, and (vi) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, issued in the original aggregate principal amount of \$1,422,000 and (vii) Sewer Revenue Bonds, Series 2006 A, issued concurrently herewith in the original aggregate principal amount of \$4,946,000, all in accordance with the Bonds and the Bond Legislation.


4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Resolution and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

A handwritten signature in black ink, appearing to read "Steptoe & Johnson PLLC", is written over the typed name.

STEPTOE & JOHNSON PLLC



**RALPH W. BASSETT, JR.**  
ATTORNEY AT LAW

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Milton, West Virginia 25541  
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May 12, 2006

South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to South Putnam Public Service District, a public service district in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted April 25, 2006 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Putnam County relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

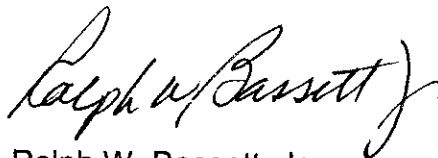
1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, to the best of my knowledge, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Putnam County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

6. To the best of my knowledge, after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds or the Resolution, the acquisition and construction of the Project, the operation of the System, or the validity of the Bonds, or the collection or pledge of the Net Revenues therefor.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ralph W. Bassett, Jr.", written in a cursive style.

Ralph W. Bassett, Jr.

RWB:pbs





LAW OFFICES  
ROBERT R. RODECKER  
BB&T SQUARE  
300 SUMMERS STREET, SUITE 1230  
POST OFFICE BOX 3713

CHARLESTON, WEST VIRGINIA 25337

ROBERT R. RODECKER  
rodecker@wvdsi.net

JAMES V. KELSH  
OF COUNSEL  
kelshlaw@yahoo.com

May 12, 2006

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South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Ladies and Gentlemen:

I am special counsel to the South Putnam Public Service District (the "Issuer"), in connection with certain matters before the Public Service Commission of West Virginia (the "PSC"). As such counsel, I am of the opinion that:

The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Final Order of the Public Service Commission of West Virginia entered on December 4, 2005, in Case No. 05-1146-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of said Final Order has expired prior to the date hereof. Such Order remains in full force and effect.

Sincerely,



Robert R. Rodecker



**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)**

**COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:**

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of South Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the South Putnam Public Service District Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) (the "Series 2006 A Bonds"), No. AR-1, fully registered, in the principal amount of \$4,946,000 and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) (the "Series 2006 B Bonds"), No. BR-1, fully registered, in the principal amount of \$2,104,000, both dated the date hereof and both bearing interest at the rate of 4.375% per annum (collectively, the "Series 2006 Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2006 Bonds has been duly awarded to the United States of America, acting by the United States Department of

Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to Letters of Conditions of the Purchaser, each dated June 15, 2004, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted April 25, 2006, authorizing issuance of the Series 2006 Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Series 2006 Bonds are being issued on this date to finance the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2006 Bonds or receipt of any grant monies committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2006 Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Series 2006 Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2006 Bonds; nor questioning the rates and charges provided for services of the System.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2006 Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on December 4, 2005, in Case No. 05-1146-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges of the System. The time for appeal of the Final Order has expired prior to the date hereof. The Order remains in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000 (the "Series 1979 Bonds"), (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000 (the "Series 1983 Bonds"), (iii) Sewer Revenue Bonds, Series 1993, dated March 30, 1993, issued in the original aggregate principal amount of \$267,000 (the "Series 1993 Bonds"), (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000 (the "Series 1995 Bonds"), (v) Sewer Revenue Bonds, Series 2002 A, dated March 7, 2002, issued in the original aggregate principal amount of \$7,078,000 (the "Series 2002 A Bonds"), and (vi) Sewer Revenue Bonds, Series 2002 B, dated March 7, 2002, issued in the original aggregated principal amount of \$1,422,000 (the "Series 2002 B Bonds") (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Series 2006 Bonds on the date hereof, officially execute and seal the Series 2006 Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2006 Bonds for the Issuer.

6. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Prior Bond Resolutions

Consent of WDA to Issuance of Parity Bonds

Consent of USDA to Issuance of Parity Bonds

Public Service Commission Order

United States Department of Agriculture Loan Resolutions

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

United States Department of Agriculture Letters of Conditions and Closing Instructions

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "South Putnam Public Service District" and its principal office and place of business are in Putnam County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

| <u>Name</u>        | <u>Date of<br/>Commencement<br/>of Office</u> | <u>Date of<br/>Termination<br/>of Office</u> |
|--------------------|---|--|
| Calvin L. Hatfield | August 31, 2003                               | August 31, 2009                              |
| Jerry K. Kelley    | August 28, 2001                               | August 28, 2007                              |
| Joe E. Miller      | August 31, 2005                               | August 31, 2011                              |

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2006 are as follows:

|           |   |                    |
|-----------|---|--------------------|
| Chairman  | - | Jerry K. Kelley    |
| Secretary | - | Joe E. Miller      |
| Treasurer | - | Calvin L. Hatfield |

The duly appointed and acting Attorney for the Issuer is Ralph Bassett, Esquire, Milton, West Virginia. The duly appointed and acting special PSC Counsel to the Issuer is Robert R. Rodecker, Esquire, Charleston, West Virginia.

8. **DELIVERY AND PAYMENT AND USE OF PROCEEDS:** On the date hereof, the Series 2006 Bonds were delivered to the Purchaser at Scott Depot, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Series 2006 Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Series 2006 A Bonds, the amount of \$135,486.25 was received by the undersigned Chairman, being a portion of the principal amount of Series 2006 Bonds. At the time of delivery of the Series 2006 B Bonds, the amount of \$322,832.73 was received by the undersigned Chairman, being a portion of the principal amount of Series 2006 Bonds. Further advances of the balance of the principal amount of the Series 2006 Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2006 Bonds are each dated the date hereof, and interest on advances of the principal thereof at the rate of 4.375% per annum is payable from the date of each such advance.

The Series 2006 Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2006 Bonds.

10. **MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.:** All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at

all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. **CONTRACTORS' INSURANCE, ETC.:** All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Resolution.

12. **CONNECTIONS, ETC.:** The Issuer will serve at least 7923 bona fide full-time users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

13. **MANAGEMENT:** The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

14. **CONFLICT OF INTEREST:** No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2006 Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

15. **PROCUREMENT OF ENGINEERING SERVICES:** The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Series 2006 Bonds.

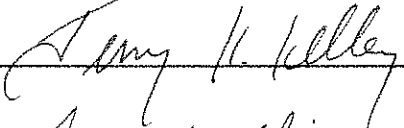
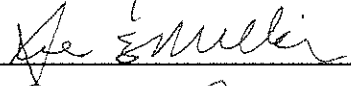

16. **EXECUTION OF COUNTERPARTS:** This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Left Blank]



WITNESS our signatures and the official seal of SOUTH PUTNAM  
PUBLIC SERVICE DISTRICT on this 12th day of May, 2006.

[CORPORATE SEAL]

| <u>SIGNATURE</u>  | <u>OFFICIAL TITLE</u> |
|---|-----------------------|
| <br>_____  | Chairman              |
| <br>_____  | Secretary             |
| <br>_____ | Attorney for Issuer   |

04.21.06  
847280.00005



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

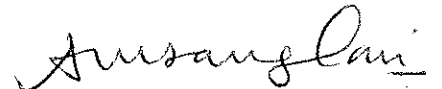
I, Ashok M. Sanghavi, Registered Professional Engineer, West Virginia License No. 6177, of S & S Engineers, Inc., West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing sewerage system (the "System") of South Putnam Public Service District (the "Issuer"), to be acquired and constructed in Putnam County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 12th day of May, 2006.

S & S ENGINEERS, INC.



Ashok M. Sanghavi, P.E.  
West Virginia License No. 6177

04.21.06  
847280.00004





**BASSETT & LOWE**  
CERTIFIED PUBLIC ACCOUNTANTS

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e-mail: [ralphwb@charterinternet.com](mailto:ralphwb@charterinternet.com) (Ralph W. Bassett, Jr.)  
e-mail: [rodlowe@charterinternet.com](mailto:rodlowe@charterinternet.com) (Rodman G. Lowe)

May 12, 2006

South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

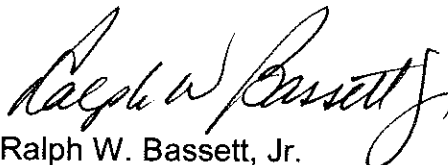
Ladies and Gentlemen:

Based upon the rates and charges set forth in the Final Order of the Public Service Commission of West Virginia entered December 4, 2005, in Case No. 05-1146-PSD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by S & S Engineers, Inc., it is my opinion that such rates and charges (i) will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) and the Sewer Revenue Bonds, Series 2006 B (collectively, the "Series 2006 Bonds") and the Prior Bonds, as herein after defined, and sufficient to make the payments required into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and (ii) be sufficient to provide revenues to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 Bonds, to be issued in the aggregate principal amount of \$7,050,000 on the date hereof, and all other obligations secured by or payable from the revenues of the System on a parity with the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1979, Sewer Revenue Bonds, Series 1983, Sewer Revenue Bonds, Series 1993, Sewer Revenue Bonds, Series 1995, Sewer Revenue Bonds, Series 2002 A and Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) (collectively, the "Prior Bonds").

RE: South Putnam Public Service District  
May 12, 2006  
Page 2

It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Sincerely yours,

A handwritten signature in cursive script, reading "Ralph W. Bassett, Jr.", written in black ink.

Ralph W. Bassett, Jr.  
Certified Public Accountant

RWB:pbs



A resolution and order fixing a date of hearing on the creation of a proposed public service district within Putnam County, West Virginia; and providing for the publication of a notice of such hearing.

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Putnam County, West Virginia, a petition to this County Court, for the creation of a public service district within Putnam County, West Virginia; and

WHEREAS, said County Court Clerk has presented such petition to this County Court at this meeting; and

WHEREAS, Pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed public service district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Putnam County, West Virginia, as follows:

Section 1. That the County Court of Putnam County, West Virginia hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court a petition for the creation of a public service district within Putnam County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and which petition has been signed by at least one hundred legal voters resident within and owning real property within the limits of the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.



Section 2. That said petition, among other things, states as follows:

(a). The name and corporate title of said Public service district shall be "Tears Valley Public Service District".

(b). The territory to be embraced in said Public Service District shall be as follows:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $33^{\circ} 26' 10''$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 08''$ , thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64; thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00'$  W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. E. Milan, Inc. 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

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(c). The purpose of said public service district shall be to construct, or acquire by purchase or otherwise and maintain, operate, improve and extend properties supplying water and/or sewage services within such territory and also outside such territory to the extent permitted by law.

(d). The territory described above does not include within its limits the territory of any other Public Service District organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 3. That on September 1, 1959, at the hour of 10:00 o'clock A.M., this County Court shall meet in the County Court House at Winfield, West Virginia for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district.

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on Aug. 7 and 14th, 1959, in the Hurricane Breeze and Putnam, a newspaper of general circulation published in Putnam County.

NOTICE OF PUBLIC HEARING  
ON CREATION OF TEAYS VALLEY  
PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Putnam County, West Virginia, and has been presented to the County Court of Putnam for the creation of a public service district within Putnam County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and/or sewerage services within said district and also outside said district to the extent permitted by law; to be named "Teays Valley Public-Service District", and having the following described boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $35^{\circ} 26' 10''$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 08''$ , thence North 0.63 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00'$  W. 0.65 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of

West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Putnam County will conduct a public hearing on September 1, 1959, at 10:00 o'clock A.M., in the County Court House at Winfield, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this 4th day of August, 1959.

A. M. Brown  
County Court Clerk

Adopted by the County Court August 4, 1959.

C. B. Dineen  
President

Attest:

A. M. Brown  
Clerk

STATE OF WEST VIRGINIA )  
COUNTY OF PUTNAM ) SS

I, A. M. Brown, hereby certify that I am the duly qualified and acting Clerk of the County Court of Putnam County, West Virginia, and that the foregoing constitutes a true, correct and

[illegible]

A RESOLUTION AND ORDER creating  
Teays Valley Public Service District  
in Putnam County, West Virginia

WHEREAS, the County Court of Putnam County, West Virginia, did heretofore by a resolution and order adopted September 1,, 195: fix a date for a public hearing on the creation of the proposed Teays Valley Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district: and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Putnam County, West Virginia as follows:

Section 1. That a public service district within Putnam County West Virginia, is hereby created, and said district shall have the following boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $38^{\circ} 26'$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 08''$ , thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00'$  W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

Section 2. That said Public service district so created shall have the name and corporate title of "Teays Valley Public Service District", and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights

and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Putnam County, West Virginia has determined that the territory within Putnam County, West Virginia having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying sewerage and/or water services within such territory by a public service district will be conducive to the preservation of public health and comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT September 1, 1959.

C. A. Miller  
President

Attest;

A. M. Brown  
Clerk



STATE OF WEST VIRGINIA

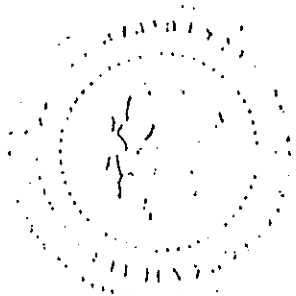
COUNTY OF PUTNAM, SS:

I, J. M. LAKE, Clerk of the County Commission of Putnam County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the instrument as same appears of record in my office in

Court Order Book Number 19 Page 63.

Given under my hand and seal of said Commission this the

22nd day of May, 1978



J. M. Lake Clerk  
Putnam County Commission  
Winfield, West Virginia

Kay Hart  
BY DEPUTY CLERK

Winfield, West Virginia

August 4, 1959

The County Court of Putnam County, West Virginia, met in regular session pursuant to law and to the rules of said court at the County Court House, Winfield, West Virginia, at 10:00 o'clock A.M. The meeting was called to order and the roll being called there were present Carl B. Miller, President, presiding, and the following named commissioners.

Absent: None

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Teays Valley Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on August 4, 1959, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Homer West introduced and caused to be read a proposed resolution and order, entitled:

Those areas to be excepted from the territorial jurisdiction of the South Putnam Public District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U.S. Route 60, thence, N. 32° 13' W. 305.0 feet, thence, N. 00° 50' W. 176.07 feet, thence, N. 4° 22' W. 315.1 feet, thence, N. 27° 40' W. 1,728.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence, S. 6° 20' E. 265.9 feet, thence, S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.68 feet, thence, crossing U.S. Route 60, S. 15° 36' W. 270.7 feet, thence, S. 39° 18' W. 469.0 feet, thence, N. 85° 17' W. 198.0 feet, thence, S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.3 feet, thence, S. 58° 42' W. 437.75 feet, thence, S. 68° 34' W. 108.0 feet, thence, with West Virginia Route 34, S. 35° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.3 feet, thence, S. 37° 44' E. 1,309.2 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 40° 07' E. 880.48 feet, thence, S. 60° 03' E. 1,461.4 feet, thence, N. 6° 15' E. 848.7 feet, thence, N. 16° 17' W. 99.0 feet, thence, S. 87° 25' E. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 103.4 feet, thence, S. 45° 15' E. 171.3 feet, thence, S. 42° 03' E. 123.0 feet, thence, S. 33° 40' E. 379.9 feet, thence, S. 46° 25' E. 263 feet, thence, S. 30° 15' E. 125.0 feet, thence, S. 21° 45' E. 340.5 feet, thence, S. 60° 13' E. 103.0 feet, thence, N. 15° 40' E. 119.3 feet, thence, N. 20° 01' W. 799.0 feet, thence, N. 56° 00' E. 77.03 feet, thence, N. 50° 05' E. 794.47 feet, thence, N. 56° 00' E. 433.95 feet, thence, N. 78° 00' E. 413.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 58° 11' W. 577.0 feet, thence, N. 38° 17' W. 739.68 feet, thence, crossing U.S. Route 60, N. 13° 16' E. 990.0 feet, thence, along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 58° 35' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. 26° 40' E. 1.18 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 35' W. 2.03 miles, thence, N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17 S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E. 0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 30' 30", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 39° 40' 0.65 miles to a point having a latitude of N. 38° 28' 29" and longitude of W. 81° 50' thence, S. 63° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75

miles, more or less, with northerly right-of-way line of Interstate 64 1.10 miles more or less to place of beginning containing 3.70 square miles.

- (3) Putnam Utilities Corporation, more particularly defined as follows:

TRACT A: Beginning at a stone on a ridge in a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 181.5 feet, to a white oak stump in a low gap, thence, N. 87° 30' W. 940.5 feet to a stake, thence, S. 63° 30' W. 495 feet to a stone by some Hickories, thence, N. 87° 30' W. 792 feet, to a stone, corner to a tract of land owned by Charles C. Payne, thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,812.5 feet, to an iron pipe, thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land, thence, with the line of the Radford land, S. 64° 30' E. 3,686.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U.S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife, thence, with the southwesterly line of the said Radford land, S. 16° 00' E. 1,800 feet to an iron pipe, thence, S. 64° 30' E. 455 feet to an iron pipe, thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne, thence with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe, thence, N. 36° 30' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road, thence, with the right-of-way line of the said road, N. 31° 43' E. 29.3 feet to an iron pipe, thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U.S. Route 35, thence, running with U.S. Route 35, N. 33° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U.S. Route 35, thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 201 feet to a stake at the edge of Kanawha River, thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe, thence, running S. 36° 00' E. 217 feet, thence, running S. 34° 00' W. 208.5 feet to the place of beginning, containing 1 acre.

- (4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line, thence, leaving the said right-of-way

line and running with the division line between Morris and Raynes & Morris and Rosa, N. 3° 00' 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked bench, thence, leaving Rose and running up the Kanawha River with pool stage, S. 81° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2, thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17, thence, running in a westerly direction with the said northerly right-of-way line, a distance of 505 feet to the point of beginning, containing 19.6 acres, more or less.

- (5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having latitude N. 38° 26' 50" and longitude W. 81° 59' 04", thence, S. 66° 15' W. for 0.30 miles parallel with West Virginia Route 34, to a point having latitude N. 38° 26' 24" and longitude W. 81° 59' 23", thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 34 at about 200 feet to a point having latitude N. 38° 26' 31" and longitude W. 81° 59' 29", thence, N. 45° 59' W. for 0.1 miles to a point on the south right-of-way of Old County Route 34/22 having latitude N. 38° 26' 34" and longitude W. 81° 59' 34", thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point on the right-of-way having latitude N. 38° 26' 32" and longitude W. 81° 59' 36", thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having latitude N. 38° 27' 05" and longitude W. 81° 59' 51", thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22", thence, in a southerly direction for 0.32 miles with the Sunnybrook Escates-Springdale Escates Subdivision boundary line to a point having latitude N. 38° 26' 54" and longitude W. 81° 59' 15", thence, N. 32° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District boundary line, having latitude N. 38° 26' 55" and longitude W. 81° 59' 04", thence, S. for 0.48 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

- (6) Culloden Sanitary Sewer and Water Service are to be excluded from the Teays Valley Public Service District proposed expansion area, more particularly defined as follows: Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinata System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N518475, E1698600 and being approximately situated on the Cabell-Putnam County Line, thence, with the following

bearings and distances, based on the before named Plane Coordinate System, 1° 05' 28" W, 2,625.48 feet, thence, N 63° 52' 08" E, 1,475.85 feet, thence, S 33° 23' 19" E, 1,317.43 feet, thence, S 42° 35' 59" W, 2,954.75 feet, to the true point of beginning.

Culloden Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N516900, E1698725 and being approximately situated on the Cabell-Putnam County Line, thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with the said westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System; S 53° 07' 48" W, 125.00 feet, thence, S 38° 39' 35" E, 1,120.55 feet, thence, N 66° 48' 05" E, 761.58 feet, thence, S 70° 33' 36" E, 1,640.00 feet, thence, S 61° 54' 24" W, 1,707.71 feet, thence, S 78° 38' 01" E, 3,503.00 feet, thence, N 03° 55' 33" W, 4,100 feet, to the true point of beginning.

- (7) City of Hurricane Water Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates N521750, E1700000, thence, with the following bearings and distances based on the before named Plane Coordinate System: N 63° 47' 00" E, 7,356.80 feet, thence, N 47° 01' 17" W, 1,503.54 feet, thence, N 31° 05' 50" E, 1,839.33 feet, thence, S 70° 01' 01" E, 1,463.09 feet, thence, S 07° 18' 21" E, 982.98 feet, thence, S 25° 38' 28" E, 693.27 feet, thence, N 53° 44' 46" E, 1,860.11 feet; thence, N 58° 32' 09" E, 3,927.47 feet, thence, S 29° 41' 27" E, 3,230.72 feet, thence, N 54° 46' 57" E, 1,560.65 feet, thence, S 16° 41' 57" E, 1,044.03 feet, thence, S 70° 07' 59" W, 6,326.53 feet, thence, S 04° 23' 55" W, 1,303.84 feet, thence, S 58° 23' 33" W, 3,052.87 feet, thence, S 07° 41' 46" E, 1,866.82 feet, thence, S 33° 06' 41" W, 1,372.95 feet, thence, N 52° 18' 21" W, 1,390.14 feet, thence, S 86° 11' 09" W, 2,254.99 feet, thence, S 09° 03' 28" E, 3,493.57 feet, thence, S 46° 32' 53" W, 654.31 feet, thence, N 75° 22' 45" W, 1,782.73 feet, thence, S 73° 18' 03" W, 522.02 feet, thence, N 50° 54' 22" W, 1,030.78 feet, thence, N 45° 00' 00" E, 353.55 feet, thence, N 17° 31' 32" W, 498.12 feet, thence, N 40° 56' 26" W, 2,746.93 feet, thence, N 02° 20' 14" E, 1,226.02 feet, thence, N 42° 22' 25" E, 1,928.89 feet, thence, N 29° 03' 17" W, 1,029.56 feet to the true point of beginning.

- (8) City of Hurricane Sanitary Sewer Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N522825, E1701990, and being approximately situated on the southerly right-of-way line of Interstate Route 64; thence, with the following bearings and distances based on the before named Plane Coordinate System; N 63° 56' 44" E, 5,521.07 feet, thence, N 74° 55' 53" E,

1,346.29 c, thence, S 29° 44' 42" E, 67 feet, thence, N 70° 42' 36" E, 529.74 feet, thence, S 33° 41' 24" E, 180.28 feet, thence, N 64° 29' 10" E, 2,437.72 feet, thence, S 28° 18' 03" E, 369.12 feet, thence, S 65° 11' 09" W, 2,561.49 feet, thence, S 24° 56' 39" E, 2,371.18 feet, more or less, to a point in the center of Hurricane Creek, thence, with the center of Hurricane Creek in a southwesterly, upstream, direction 3,800 feet, more or less, to the center of the West Virginia Route 34 Hurricane Creek Bridge, thence, leaving the center line of Hurricane Creek with the following bearings and distances based on the before named Plane Coordinate System: S 61° 36' 08" W, 2,796.52 feet, thence, N 53° 03' 16" W, 2,025.14 feet, thence, S 33° 09' 48" W, 603.26 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, N 26° 33' 54" E, 279.51 feet, thence, N 56° 18' 36" W, 901.39 feet, thence, S 33° 41' 24" W, 721.11 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, S 30° 20' 36" W, 1,187.70 feet, thence, S 53° 07' 48" E, 625.00 feet, thence, S 35° 32' 16" W, 430.12 feet, thence, N 54° 41' 20" W, 735.27 feet, thence, N 32° 39' 39" E, 1,158.12 feet, thence, N 51° 20' 25" W, 160.08 feet, thence, N 29° 25' 39" E, 1,119.43 feet, thence, N 31° 56' 41" E, 2,003.40 feet, to the true point of beginning.

(9) Ventroux Water Association, for water service only, more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U.S. Route 35 and the southern edge of Scary Creek: thence, 700 feet in a southerly direction with the Route 35 line to a point, thence, N 84° 15' W, 2,360 feet, leaving the Route 35 line to a point, thence, S 03° 24' W, 1,950 feet to a point, thence, N 87° 18' W, 500 feet to a point, thence, N 01° 56' E, 2,130 feet to a point, thence, N 61° 32' E, 2,130 feet to a point in the southern edge of Scary Creek, thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.

(10) Town of Winfield, more particularly defined as follows:

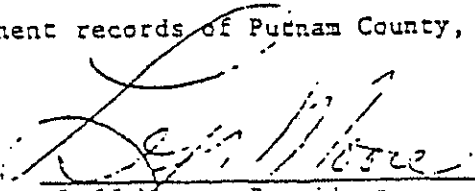
Beginning at the southern most point in the original Town limits, thence, S 36° E, 1,270.50 feet, leaving the Town limits to a point, thence, S 57° E, 4,075.50 feet to a point, thence, S 45-1/2° W, 412.50 feet to a point, thence, S 85-1/2° W, 511.50 feet to a point, thence, N 87° 30' W 478.50 feet to a point, thence, S 33-1/2° E, 2,739.00 feet to a point, thence, S 80-1/2° W, 1,435.50 feet to a point, thence, N 29° W, 39.60 feet to a point, thence, S 81-1/2° W, 1,386.0 feet, crossing Route 29/1 to a point, thence, N 31-1/2° E, 334.60 feet, again crossing Route 29/1 to a point, thence, S 75° W 264 feet to a point, thence, N 68° W 453.80 feet to a point, thence, W 1,386.0 feet, crossing Route 29/1 to a point, thence, N 71° 00" W, 1,250 feet, crossing Route 29/1 to a point, thence, S 51° 58' W 450 feet to a point, thence, S 48° 45' W, 1,455.20 feet, crossing Routes 29/1 and 29, thence, N 67° 15' W, 760.80 feet to a point, thence, N 33° 30' E, 128.70 feet to a point, thence, N 18° 45' E, 184.70 feet to a point, thence, N 29° 15' E, 286.50 feet to a point, thence, N 19° 30' E, 415.70 feet to a point, thence, N 60° 50' W 411.60 feet to a point, thence, N 55° 40' W, 378.60 feet to a point, thence, N 46° W, 436.60 feet to a point in the eastern right-of-way line of Route 34, thence, N 4° E, 2,715 feet crossing Routes 34 and 35 to a point in the southern edge of Kanawha River, thence, N 71° 35' E, 285 feet with the river to a point, thence, N 36° 15' E, 250 feet with the river to a point, thence, N 46° 37' E, 600 feet with the river to a point, thence, N 59° 40' E, 440 feet with the river to a point, thence, N 56-1/2° E, 471 feet with the river to a

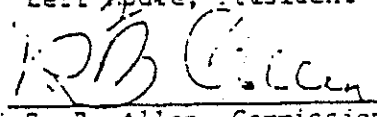
point, thence, N 53-1/2° E, 146 feet with the river to a point, thence, N 53° E, 231 feet with the river to a point, thence, N 57° 30' E, 280 feet with the river to a point, thence, N 57° E 294 feet with the river to a point, thence, N 52° E, 587.80 feet with the river to a point, thence, N 52° E, 569.30 feet with the river to a point, thence, N 50° E, 1,155 feet with the river to a point in the original Town limits.

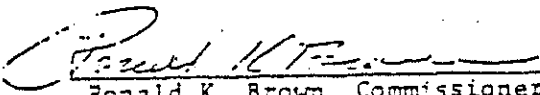
Section 2: (a) The name and corporate title of the expanded Teays Valley Public Service District shall be "South Putnam Public Service District".

(b) That the said area of the Teays Valley Public Service District, hereafter known as the South Putnam Public Service District, is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of, the South Putnam Public Service District, and shall henceforth and hereafter become and constitute an integral part of the said South Putnam Public Service District.

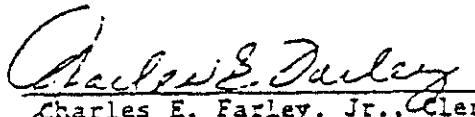
ENTERED into the permanent records of Putnam County, West Virginia, this 10th day of March, 1981.

  
Leff Moore, President

  
R. B. Allen, Commissioner

  
Ronald K. Brown, Commissioner

ATTEST:

  
Charles E. Farley, Jr., Clerk

Transmitted to the County Clerk's Office, March 11, 1981

Received by: \_\_\_\_\_



A RESOLUTION AND ORDER EXPANDING THE  
BOUNDARIES OF THE SOUTH PUTNAM PUBLIC  
SERVICE DISTRICT WITHIN PUTNAM COUNTY,  
WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 3rd day of December, 1991, fix a date for a public hearing on the expansion of the South Putnam Public Service District, and in and by said resolution and order, provide, that all persons residing in or owning or having any interest in property in the proposed Public Service District might appear before the County Commission at this meeting, and have an opportunity to be heard, for and against the expansion of the said Public Service District; and,

WHEREAS, notice of this hearing was duly given in a manner provided and required by the said resolution and order and by Article 13A, Chapter 16, of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the expansion of the said District, but no written protest has been filed by the requisite number of qualified voters registered and residing within the proposed expanded Public Service District area or the existing boundaries of the South Putnam Public Service District, and said County

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Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding the said District;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County, as follows:

Section 1.

That the physical, geographical, territorial limits of the South Putnam Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter, as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the territorial jurisdiction of the South Putnam Public Service District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U. S. Route 60, thence, N. 32° 13' W. 305.0 feet, N. 00° 50' W. 176.07 feet, thence N. 4° 22' W. 315.1 feet, thence, N. 27° 40' W. 1,729.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence S. 6° 20' E. 265.9 feet, thence S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.62 feet, thence, crossing U. S. Route 60, S. 15° 36' W. 270.7 feet, thence, S. 19° 18' W. 469.0 feet, thence, N. 95° 17' W. 198.0 feet, thence S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.9 feet, thence S. 58° 42' W. 437.75 feet, thence, S. 63° 14' W. 108.0 feet, thence, with West Virginia Route 34, S. 55° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.8 feet, thence, S. 87° 44' E. 1,109.8 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 40° 07' E. 880.48 feet, thence, S. 60° 03' E. 1,461.4 feet, thence N. 6° 15' E. 948.7 feet, thence N. 16° 17' W. 99.0 feet, thence, S. 87° 25' E. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 105.4 feet, thence S. 45° 25' E. 171.8 feet, thence, S. 42° 05' E. 128.0 feet, thence, S. 33° 40' E. 279.9 feet, thence, S. 46° 25' E. 263 feet, thence, S. 21° 45' E. 140.5 feet, thence, S. 60° 25' E. 229.0 feet, thence N. 35° 40' E. 119.5 feet, thence, N. 20° 01' W. 799.0 feet, thence, N. 56° 00' E. 77.03 feet, thence, No. 50° 05' E. 794.47 feet, thence, N. 66° 00' E. 413.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 58° 11' W. 577.0 feet, thence, N. 88° 17' W. 739.68 feet, thence, crossing U. S. Route 60, N. 13° 16' E. 990.0 feet, thence along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 98° 56' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. 26° 40' E. 1.13 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 15' W. 2.03 miles, thence N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17, S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E.

0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 50' 30", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 19° 40' 0.65 miles to a point having a latitude of N. 38° 25' 29" and longitude of W. 81° 50', thence, S. 61° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75 miles, thence, with northerly right-of-way line of Interstate 64 1.10 miles, more or less to place of beginning, containing 3.70 square miles.

(3) Putnam Utilities Corporation, more particularly defined as follows:

TRACT A: Beginning at a stone on a ridge on a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 191.5 feet to a white oak stump in a low gap; thence, N. 87° 30' W. 940.5 feet to a stake; thence, S. 63° 30' W. 495 feet to a stone by some hickories; thence, N. 97° 30' W. 792 feet to a stone, corner to a tract of land owned by Charles C. Payne; thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,912.5 feet to an iron pipe; thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land; thence, with the line of the Radford land, S. 64° 30' E. 3,686.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U. S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the southwesterly line of the said Radford land, S. 16° 00' E. 1,800 feet to an iron pipe; thence, S. 64° 30' E. 455 feet to an iron pipe; thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne; thence, with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe; thence, N. 36° 00' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road; thence, with the right-of-way line of the said road, N. 51° 48' E. 29.5 feet to an iron pipe; thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U. S. Route 35; thence, running with U. S. Route 35, N. 55° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U. S. Route 35; thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 201 feet to a stake at the edge of Kanawha River; thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe; thence, running S. 36° 00' E. 217 feet; thence, running S. 54° 00' W. 209.5 feet to the place of beginning, containing 1 acre.

(4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line; thence, leaving the said right-of-way line running with the division line between Morris and Raynes and Morris and Rose, N. 3° 00' W. 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked beech; thence, leaving Rose and running up the Kanawha River with pool stage, S. 91° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2; thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17; thence, running in a westerly direction with the said northerly right-of-way line, a distance of 505 feet to the point of beginning, containing 19.6 acres, more or less.

(5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having a latitude N. 38° 26' 30" and a longitude W. 81° 59' 04"; thence, S. 68° 15' W. for 0.30 miles parallel with West Virginia Route 34 to a point having a latitude N. 38° 26' 24" and longitude W. 81° 59' 23"; thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 34 at about 200 feet to a point having a latitude N. 38° 26' 31" and longitude W. 81° 59' 29"; thence, N. 45° 59' W. for 0.11 miles to a point on the south right-of-way of Old County Route 34/22

having a latitude N. 38° 26' 34" and longitude W. 81° 59' 34"; thence, with the road right-of-way S. 17° 00' W. for 0.08 miles to a point in the right-of-way having latitude N. 38° 26' 32" and longitude W. 81° 59' 36"; thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having a latitude N. 38° 27' 05" and longitude W. 81° 59' 51"; thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22"; thence, in a southerly direction for 0.32 miles with the Sunnybrook Estate-Springdale Estates Subdivision boundary line to a point having a latitude N. 38° 26' 54" and longitude W. 81° 59' 15"; thence, N. 82° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District Boundary line, having latitude N. 38° 26' 55" and longitude W. 81° 59' 04"; thence, S. for 0.48 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

(6) Culloden Sanitary Sewer and Water Service are to be excluded from the South Putnam Public Service District area, more particularly defined as follows:

Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N518475, E1698600 and being approximately situated on the Cabell-Putnam County Line; thence, with the following bearings and distances, based on the before named Plane Coordinate System, N. 01° 05' 28" W. 2,625.48 feet; thence, N. 63° 52' 08" E. 1,475.85 feet; thence, S. 33° 21' 19" E. 1,117.43 feet; thence, S. 42° 35' 59" W. 2,954.76 feet, to the true point of beginning.

Culloden Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N516900, E1698725 and being approximately situated on the Cabell-Putnam County Line; thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with said

... westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System; S. 53° 07' 48" W. 125.00 feet; thence, S. 38° 39' 35" E. 1,120.55 feet; thence, N. 66° 48' 05" E. 761.58 feet; thence, S. 70° 33' 36" E. 1,640.00 feet; thence, S. 61° 54' 24" W. 1,707.71 feet; thence S. 78° 19' 01" E. 1,503.00 feet; thence, N. 03° 55' 33" W. 4,100 feet, to the true point of beginning.

(7) City of Hurricane Water Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates N521750, E1700000; thence, with the following bearings and distances based on the before named Plane Coordinate System: N. 63° 47' 00" E. 7,356.80 feet; thence N. 47° 01' 17" W. 1,503.54 feet; thence, N. 31° 05' 50" E. 1,839.33 feet; thence, S. 70° 01' 01" E. 1,463.09 feet; thence, S. 07° 19' 21" E. 992.98 feet; thence, S. 25° 38' 28" E. 693.27 feet; thence, N. 53° 44' 46" E. 1,860.11 feet; thence, N. 58° 12' 09" E. 3,927.47 feet; thence, S. 29° 41' 27" E. 3,280.72 feet; thence, N. 54° 46' 57" E. 1,560.65 feet; thence, S. 16° 41' 57" E. 1,044.03 feet; thence, S. 70° 07' 59" W. 6,326.53 feet; thence, S. 04° 23' 55" W. 1,303.84 feet; thence S. 58° 23' 33" W. 1,052.87 feet; thence, S. 07° 41' 46" E. 1,866.82 feet; thence, S. 33° 06' 41" W. 1,372.95 feet; thence, N. 52° 13' 21" W. 1,390.14 feet; thence, S. 86° 11' 09" W. 2,254.99 feet; thence, S. 09° 03' 28" E. 3,493.57 feet; thence S. 46° 32' 53" W. 654.31 feet; thence, N. 75° 22' 45" W. 1,782.73 feet; thence S. 73° 19' 03" W. 522.02 feet; thence, N. 50° 54' 22" W. 1,030.78 feet; thence, N. 45° 00' 00" E. 353.55 feet; thence N. 17° 31' 32" W. 498.12 feet; thence, N. 40° 56' 26" W. 2,746.93 feet; thence N. 02° 20' 14" E. 1,226.02 feet; thence, N. 42° 22' 25" E. 1,928.39 feet; thence, N. 29° 03' 17" W. 1,029.56 feet to the true point of beginning.

(8) City of Hurricane Sanitary Sewer Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinate N524160.24, E1704721.07 and being approximately situated on the southerly right-of-way line of Interstate Route 64;

thence, with the following bearings and distances based on the before named Plane Coordinate System: N. 63° 56' 44" E. 2,481.07 feet; thence, N. 74° 55' 53" E. 1,346.29 feet; thence, S. 29° 44' 42" E. 604.67 feet; thence, N. 70° 42' 36" E. 520.74 feet; thence, S. 33° 41' 24" E. 180.28 feet; thence, N. 64° 29' 10" E. 2,437.72 feet; thence, S. 28° 18' 03" E. 369.12 feet; thence, S. 65° 11' 09" W. 2,561.49 feet; thence, S. 24° 56' 39" E. 2,371.18 feet, more or less, to a point in the center of Hurricane Creek; thence, with the center of Hurricane Creek in a southwesterly, upstream direction, 3,800 feet, more or less, to the center of the West Virginia Route 24 Hurricane Creek Bridge; thence, leaving the center line of Hurricane Creek, with the following bearings and distances based on the before named Plane Coordinate System: S. 61° 36' 08" W. 2,796.52 feet; thence, N. 55° 03' 16" W. 2,025.14 feet; thence, S. 33° 09' 48" W. 603.26 feet; thence N. 55° 00' 29" W. 305.16 feet; thence, N. 26° 33' 54" E. 279.51 feet; thence, N. 56° 18' 36" W. 901.39 feet; thence, S. 33° 41' 24" W. 721.11 feet; thence, N. 55° 00' 29" W. 305.16 feet; thence, S. 30° 20' 36" W. 1,187.70 feet; thence, S. 53° 07' 48" E. 625.00 feet; thence, S. 35° 32' 16" W. 430.12 feet; thence N. 54° 41' 20" W. 735.27 feet; thence, N. 32° 39' 39" E. 1,158.12 feet; thence, N. 51° 20' 25" W. 160.08 feet; thence, N. 29° 25' 39" E. 1,119.43 feet; thence, N. 31° 56' 41" E. 1,320 feet, more or less; thence, northeast along southern right-of-way of Virginia Avenue, Putnam County Route 60/10, 3,050 feet, more or less; thence, northwest along the eastern right-of-way of Sovine Road, Putnam County Route 60/3, 915 feet, more or less to the true point of beginning.

(9) Ventroux Water Association for water service only,  
more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U. S. Route 35 and the southern edge of Scary Creek; thence, 700 feet in a southerly direction with the Route 35 line to a point; thence, N. 84° 15' W. 2,360 feet, leaving the Route 35 line to a point; thence S. 03° 24' W. 1,950 feet to a point; thence N. 87° 18' W. 500 feet to a point; thence N. 01° 56' E. 2,130 feet to a point; thence, N. 61° 32' E. 2,180 feet to a point in the southern edge of Scary Creek; thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.



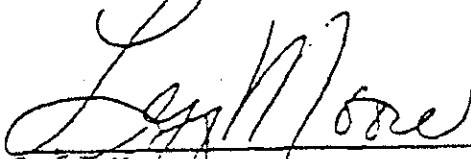
(10) Town of Winfield, more particularly defined as follows:

Beginning at the southernmost point in the original town limits; thence, S. 36° E. 1,270.50 feet, leaving the town limits to a point; thence, S. 57° E. 4,075.50 feet to a point; thence, S. 45-1/2° W. 412.30 feet to a point; thence, S. 85-1/2° W. 511.50 feet to a point; thence, N. 87° 30' W. 478.50 feet to a point; thence, S. 31-1/2° E. 2,739.00 feet to a point; thence, S. 80-1/2° W. 1,435.50 feet to a point; thence, N. 29° W. 39.60 feet to a point; thence S. 81-1/2° W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 11-1/2° E. 114.60 feet, again crossing Route 29/1 to a point; thence, S. 75° W. 264 feet to a point; thence, N. 68° W. 453.80 feet to a point; thence, W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 71° 00' W. 1,250 feet, crossing Route 29/1 to a point; thence S. 51° 58' W. 450 feet to a point; thence, S. 48° 45' W. 1,455.20 feet, crossing Routes 29/1 and 29; thence, N. 67° 15' W. 760.80 feet to a point; thence, N. 31° 30' E. 128.70 feet to a point; thence, N. 18° 45' E. 184.70 feet to a point; thence, N. 29° 15' E. 236.50 feet to a point; thence, N. 19° 30' E. 415.70 feet to a point; thence, N. 60° 50' W. 411.60 feet to a point; thence, N. 55° 40' W. 378.60 feet to a point; thence, N. 46° W. 436.60 feet to a point in the eastern right-of-way line of Route 34; thence, N. 4° E. 2,715 feet crossing Route 34 and 35 to a point in the southern edge of Kanawha River; thence, N. 71° 15' E. 285 feet with the river to a point; thence, N. 36° 15' E. 250 feet with the river to a point; thence, N. 46° 37' E. 600 feet with the river to a point; thence N. 59° 40' E. 440 feet with the river to a point; thence, N. 56-1/2° E. 471 feet with the river to a point; thence, N. 58-1/2° E. 146 feet with the river to a point; thence N. 55° E. 231 feet with the river to a point; thence, N. 57° 30' E. 280 feet with the river to a point; thence N. 57° E. 294 feet with the river to a point; thence, N. 52° E. 587.20 feet with the river to a point; thence, N. 52° E. 569.30 feet with the river to a point; thence, N. 50° E. 1,155 feet with the river to a point in the original town limits

Section 2.

That the said area of the South Putnam Public Service District is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of the South Putnam Public Service District, and shall henceforth and hereafter become and constitute and integral part of the said South Putnam Public Service District.

Entered into the permanent records of Putnam County, West Virginia, this 3rd day of December, 1981.

  
Left Moore

, President

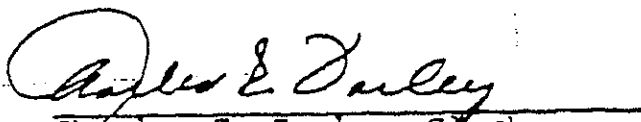
  
R. B. Allen

, Commission

  
Ronald K. Brown

, Commission

ATTEST:

  
Charles E. Farley, Clerk

STATE OF W. VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
 I, Charles E. Farley, Clerk of the Putnam County Commission do,  
 hereby certify that this foregoing is a true and correct copy  
 and transcript from the record of my office.  
 Given under my hand and seal of the said commission,  
 at Winfield, West Virginia, this the 16 day of Feb., 1982  
 CHARLES E. FARLEY, PUTNAM COUNTY COMMISSIONER  
 By \_\_\_\_\_ Deputy

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
 I, Charles E. Farley, Clerk of the Putnam County Commission do,  
 hereby certify that this foregoing is a true and correct copy  
 and transcript from the record of my office.  
 Given under my hand and seal of the said commission,  
 at Winfield, West Virginia, this the 16 day of Feb., 1982  
Court Order Book 28 At Page 314  
 CHARLES E. FARLEY, CLERK, PUTNAM COUNTY COMMISSION  
 By R. E. Evers Deputy


RESOLUTION OF  
CITY OF HURRICANE

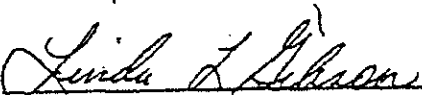
BE IT RESOLVED by the City Council of the City of Hurricane as follows:

The City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.

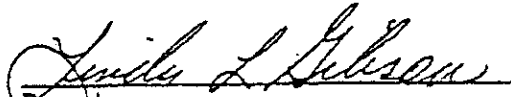
  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the City of Hurricane this 1st day of May, 1995.

[SEAL]

  
Recorder

04/18/95  
SPSJ.02  
847280/94001

RESOLUTION OF

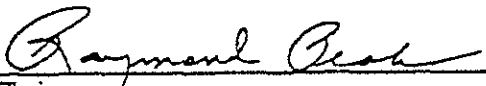
SANITARY BOARD OF CITY OF HURRICANE

BE IT RESOLVED by the Sanitary Board of the City of Hurricane as follows:

The Sanitary Board of the City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

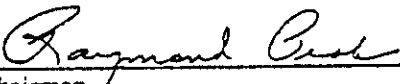
An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.

  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Sanitary Board of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand this 1st day of May, 1995.

  
Chairman

04/25/95  
SPSJ.P3  
847280/94001




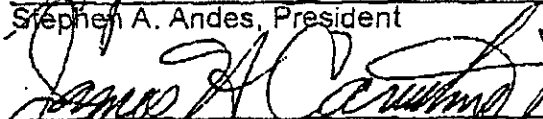


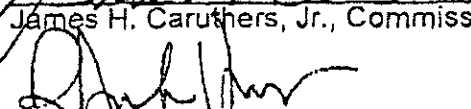
IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 30th day of August, 2005 does hereby RE-APPOINT Mr. Joe E. Miller, 3709 Cambridge Drive, Hurricane, West Virginia 25526 to serve on the South Putnam Public Service District Board, effective August 31, 2005 with a term to expire on August 31, 2011.

ENTER this 30th day of August, 2005.

  
Stephen A. Andes, President

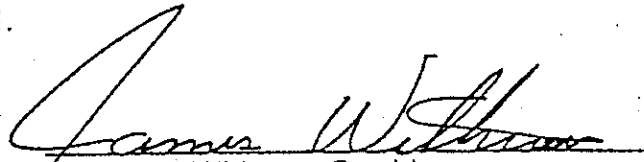
  
James H. Caruthers, Jr., Commissioner

  
R. Joseph Haynes, Commissioner

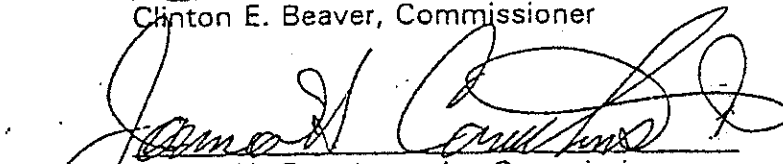
IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 28th day of August, 2001 does hereby APPOINT Mr. Jerry Kelley, P. O. Box 208, Red House, WV 25168 to serve on the South Putnam Public Service District Board effective August 28, 2001 with a term to expire on August 28, 2007.

ENTER this 28th day of August, 2001.

  
James A. Withrow, President

  
Clinton E. Beaver, Commissioner

  
James H. Caruthers, Jr., Commissioner

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.  
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 29 day of Sept 2002  
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By  Deputy

BOOK 073 PAGE 171

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

County Commission of Putnam County, West Virginia, sitting in regular session this the 9th of September, 2003 does hereby RE-APPOINT Mr. Calvin L. Hatfield, 101 Vista Lane, Hurricane, WV 25526 to serve on the South Putnam Public Service District Board effective August 2003 with a term to expire on August 31, 2009.

AFTER this 9th day of September, 2003.

Absent

James H. Caruthers, Jr., President

James A. Withrow, Commissioner

Stephen A. Andes, Commissioner



OFFICIAL OATH

STATE OF WEST VIRGINIA,  
PUTNAM COUNTY, SS:

I, JOE E. MILLER do solemnly  
swear that I will support the Constitution of the United States  
and the Constitution of the State of West Virginia, and that I  
will faithfully discharge the duties of the office of \_\_\_\_\_

SOUTH PUTNAM PUBLIC SERVICE DISTRICT BOARD

(TERM: AUGUST 31, 2005 TO AUGUST 31, 2011)

to the best of my skill and judgement, SO HELP ME, GOD.

*Joe E. Miller*

Subscribed and sworn to before me this 6<sup>th</sup> day  
of September, 2005.

*Brian Wood* CLERK  
Putnam County Commission,  
Winfield, West Virginia

BY: *J. Seibert* Deputy

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, Jerry Kelley do solemnly  
swear that I will support the Constitution of the United States  
and the Constitution of the State of West Virginia, and that I  
will faithfully discharge the duties of the office of South Putnam Public Service District Board

to the best of my skill and judgement, SO HELP ME GOD.

Jerry K. Kelley

Subscribed and sworn to before me this 10th day  
of September, 2001

Michael W. Elliott CLERK  
Putnam County Commission,  
Winfield, West Virginia

BY: Prisma Ward Deputy

STATE OF WEST VIRGINIA  
County of Putnam, ss: I, MICHAEL W. ELLIOTT, Clerk of  
the County Commission of said County, do hereby  
certify that the foregoing writing was this day  
read to me in my said office and signature was  
the certificate thereof made and was duly admitted  
to record thereof.

10 Sept 2001  
Michael W. Elliott

EXHIBIT C

OFFICIAL OATH

STATE OF WEST VIRGINIA,  
PUTNAM COUNTY, SS:

I, CALVIN L. HATFIELD do solemnly  
swear that I will support the Constitution of the United States  
and the Constitution of the State of West Virginia, and that I  
will faithfully discharge the duties of the office of \_\_\_\_\_  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT BOARD

(TERM: AUGUST 31, 2003 TO AUGUST 31, 2009)

to the best of my skill and judgement, SO HELP ME GOD.

Calvin L. Hatfield

Subscribed and sworn to before me this 17<sup>th</sup> day  
of September, 2003.

Michael W. Elliott CLERK  
Putnam County Commission,  
Winfield, West Virginia

BY: \_\_\_\_\_ Deputy

STATE OF WEST VIRGINIA

County of Putnam, to-wit:

I, MICHAEL W. ELLIOTT, Clerk of  
County Commission of said County, do hereby  
certify that the foregoing writing was this day pre-  
sented to me in my said office and together with  
the affidavits therein annexed, was duly admitted  
therein.

Given under my hand this  
17<sup>th</sup> day of September, 2003  
Michael W. Elliott 11:31  
Clerk AM

BOOK 010 PAGE 601





RULES OF PROCEDURE  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SOUTH PUTNAM PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 107 South Poplar Fork Road, Scott Depot, Putnam County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed South Putnam Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

### ARTICLE III

#### MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Putnam County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

### ARTICLE IV

#### MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second and fourth Tuesdays of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

## PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

### DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary



LAW OFFICES  
ROBERT R. RODECKER  
BB&T SQUARE  
300 SUMMERS STREET, SUITE 1230  
POST OFFICE BOX 3713

ROBERT R. RODECKER  
rodecker@wvdsi.net

JAMES V. KELSH  
OF COUNSEL  
kelshlaw@yahoo.com

CHARLESTON, WEST VIRGINIA 25337

July 18, 2005

AREA CODE 304  
343-1854  
FACSIMILE  
343-1857

Ms. Sandra Squire  
Executive Secretary  
Public Service Commission  
201 Brooks Street  
Charleston, West Virginia 25301

RE: CASE NO. 05-0971-PSD-CN  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity for the construction, operation and maintenance of two extensions to the District's sewer system in Putnam County, West Virginia, for approval of financing related thereto, for approval of increased rates and charges, and for approval of a Wastewater Service Agreement with the City of Nitro

Dear Ms. Squire:

Enclosed herein please find the original and twelve (12) copies of an Affidavit evidencing publication of the Commission's July 1, 2005 Notice of Filing Order in *The Putnam Democrat* newspaper on July 14, 2005.

With the submission of the enclosed Affidavit, all publication requirements set forth in the Order have been met.

Sincerely,



Robert R. Rodecker  
WV State Bar No. 3145

enclosures

cc: Ronald E. Robertson, Jr., Esquire  
Michael W. McNulty, General Manager  
Jason Henderson, PE

04-05 certificates\sewer-Kanawha Valley\Squire Publication Letter

FILE!  
2004 8-07  
UNDER  
PSC  
SHAWNEE  
EST.

## AFFIDAVIT OF PUBLICATION

Cost of Publication \$356.96

State of West Virginia, County of Putnam, to wit:

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

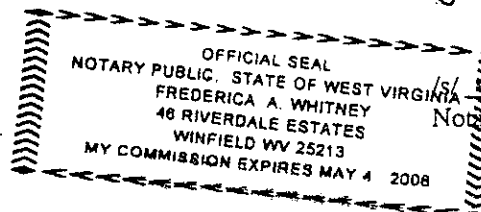
notice of South Putnam Public Service DistrictNotice of FilingCase No. 05-0971-PSD-CN

was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 14th day of July 2005, and ending with issue of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (and was posted, if required, at the \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_).

/s/ Phyllis Robinson  
Phyllis Robinson, Publisher  
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 15thday of July, 2005.

My commission expires

May 4, 2008

/s/ Frederica A. Whitney  
Notary Public of Putnam County, West Virginia

# LEGAL NOTICE

## PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the Public Service Commission of West Virginia at the City of Charleston on the  
1st day of July, 2005.  
CASE NO. 05-0971-PSC-ON

### SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity for the construction, operation and maintenance of two extensions to the District's sewer system in Putnam County, West Virginia; for approval of financing related thereto; for approval of increased rates and charges; and for approval of a Wastewater Services Agreement with the City of Nitro.

#### NOTICE OF FILING

WHEREAS, on July 1, 2005, the South Putnam Public Service District filed an application duly verified, for a certificate for the construction, operation and maintenance of two extensions to the District's sewer system in Putnam County, West Virginia; (The District's application further seeks approval of financing related thereto; of increased rates and charges and approval of a Wastewater Services Agreement with the City of Nitro. The application is on file with and available for public inspection at the Public Service Commission, 201 Bishop Street, in Charleston, West Virginia.

WHEREAS, the South Putnam Public Service District estimates that the total construction for the extensions will be \$7,050,000.00. The cost will be financed by two 40-year USDA Rural Utilities Service ("RUS") loans. One loan will be in an amount not to exceed \$2,104,000.00 at an interest rate not to exceed 5%; the second loan will be in an amount not to exceed \$4,946,000.00 at an interest rate not to exceed 5%.

WHEREAS, the District is requesting approval of increased sewer rates to go into effect upon completion of the sewer improvement project. The proposed increased sewer rates are as follows:

#### SCHEDULE No. 1

##### APPLICABILITY

Applicable within the entire territory served including the area formerly served by Putnam Utilities Corporation.

##### AVAILABILITY

Available for general domestic, commercial, and industrial sewer service.

##### RATES

Each 1,000 gallons used per month \$6.70 per 1,000 gallons.

##### MINIMUM BILL

\$13.40 per month.

##### DELAYED PAYMENT PENALTY

The above schedule is set. On all accounts not paid in full when due, ten percent will be added to the not current amount unpaid. This delayed payment penalty is not interest and it is to be collected only once for each bill where it is appropriate.

##### SURCHARGE

Excess Position cost Surcharge \$0.09 per 1,000 gallons sold from the effective date of this tariff will be charged in order to secure money for purchase of retirement time from the start retirement system; PERS; for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

##### ALTERNATIVE MEASUREMENT OF SEWAGE

Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer to request South Putnam Public Service District to purchase, install and maintain special meters to measure the volume of water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchasing and installing the meter and, upon installation of such water discharge meter, the rates of the customer shall be based upon the volume of water discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer. The customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

#### SCHEDULE No. 2

##### APPLICABILITY

Applicable within the entire territory served

##### AVAILABILITY

Available for sanitary sewer service to unmetered water users and users who obtain water from wells.

##### RATE RATE

\$20.09 per month (Based on 1,000 Gallons Usage).

##### SURCHARGE

Excess Position cost Surcharge \$0.09 per 1,000 gallons sold from the effective date of this tariff will be charged in order to secure money for purchase of retirement time from the start retirement system; PERS; for eligible employees. This surcharge will be reviewed and eliminated when determined by the Public Service Commission.

#### SCHEDULE No. 3

##### APPLICABILITY

Applicable within the entire territory served

##### TAP FEE

A tap fee of \$50.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. The pre-construction tap fee will be waived after the completion of construction adjacent to a applicant's premises that is associated with a certificate proceeding.

A tap fee of \$70.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

##### RECONNECTION FEE - \$40.00

To apply to users who receive sewer service from the District and water service from the City of Charleston and West Virginia-American Water Company in the event of nonpayment of sewer service fees, where water service is interrupted and reconnected following each disconnection of water service; or in the event the delinquent sewer bill is collected by the water company, an administrative fee of \$40.00 will be charged.

## SCHEDULE No. 4 SURCHARGE FORMULA

### TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of industrial waste will be calculated on the basis of the following formula:

#### UNUSUAL WASTE

- C = charge to unusual users per year  
Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon  
Vi = volume of wastewater from unusual users in gallons per year  
Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound  
Bi = weight of BOD from unusual users in pounds per year  
So = average unit cost of treatment (including a sludge treatment) chargeable to total solids in dollars per pound  
Si = weight of total solids from unusual users in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the South Putnam Public Service District, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefor, based upon the formula set forth above.

Thereafter, unusual sewage will be measured on a regular basis and at the conclusion of each fiscal year, based on the formula set forth above, shall be the South Putnam Public Service District records, new cost figures will be calculated for the next fiscal year. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user; or refund given by the South Putnam Public Service District, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made to the formula.

#### SCHEDULE No. 5

### APPLICABLE INSIDE AND OUTSIDE THE CORPORATE LIMITS OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the South Putnam waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used where by such plants or plants will pay to the South Putnam Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

### SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SEWER SYSTEM

Wherever the District has discovered that a customer's roof drain, downspout, storm sewer or other similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the District, in accordance with the rules and regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

- S = the surface in square feet  
A = the area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet  
R = the measured monthly rainfall in inches  
0.00233 = the conversion factor to change inches of rain x square foot of surface to thousand gallons of water  
C = \$6.70: The District's approved rate per thousand gallons of metered water usage

The District shall not impose this surcharge until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection, that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the District has not acted within thirty (30) days from receipt of such notice to direct the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

Through its proposed increased sewer rates set forth above, the District will consolidate those customers formerly served by Putnam Utilities Corporation into one rate schedule with all of its other customers, resulting in all customers of the District paying the same rates for sewer service. Under the District's current tariff, customers formerly served by Putnam Utilities Corporation currently pay lower rates than the District's other customers; therefore, these customers will

experience a large increase in their rates as a result of the increase proposed in this proceeding. The above increased sewer rates represent the following project-related increases, based on an average usage of 4,500 gallons per month:

### FOR CUSTOMERS FORMERLY SERVED BY PUTNAM UTILITIES CORPORATION

|             | (%) INCREASE | (%) INCREASE |
|-------------|--------------|--------------|
| Residential | 6.89         | 29.6         |
| Commercial  | 6.89         | 29.6         |
| Industrial  | N/A          | N/A          |
| Retail      | N/A          | N/A          |

### FOR ALL OTHER SEWER CUSTOMER OF THE DISTRICT

|             | (%) INCREASE | (%) INCREASE |
|-------------|--------------|--------------|
| Residential | 3.56         | 13.4         |
| Commercial  | 3.56         | 13.4         |
| Industrial  | 3.56         | 13.4         |
| Retail      | N/A          | N/A          |

South Putnam Public Service District has no sewer retail customers.

The proposed increased rates and charges will produce an average of approximately \$98,700.00 annually in additional revenues, an increase of 19.55%.

The increases shown have been based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increased or decreased) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11 West Virginia Code, IT IS ORDERED that the South Putnam Public Service District give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State; published and of general circulation in Putnam County; setting before the Commission of proper certification by publication immediately after publication. Anybody desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION

Sandra Squire  
Executive Secretary





**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**10 January 2006**

**MINUTES**

Chairman Jerry Kelley called to order the regular meeting of the PSD Board with Board members Calvin Hatfield and Joe Miller present. Staff present included Mike McNulty and Jason Henderson.

**RECOGNITION OF GUESTS**

The Board recognized Stephen Andes, President, Putnam County Commission; Jim Caruthers, Putnam County Commission; Mike Newton, Qk4 Engineering and Pat Rawlings, Qk4 Engineering.

**CHANGE IN ORDER OF AGENDA**

Without objection, Chairman Kelley called upon the Staff to move to Old Business for the purpose of allowing the Putnam County Commissioners to be updated on current projects within a reasonable time period.

**OLD BUSINESS**

**WVDOH Project**

Mr. Henderson provided the Board with a brief summary of work to date regarding the construction of the Rt. 35 interchange and the Larck Dam.

*Project Finances*

Mr. Henderson presented invoice WVDOH for Partial Invoice No.6 in the amount of \$5,073.41 for engineering services. Following review, motion was made by Calvin Hatfield approving Partial Invoice No. 6 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**Sewer Interceptor /TIF District Project**

Mr. McNulty advised the Board that the lining portion of the project is approximately 75% completed and that the lining contractor is estimating they will be completed in 2 weeks. Mr. McNulty further advised the Board that approximately 700 lf of 16-inch force-main will be installed by District Staff in the next couple of weeks.

*Project Finances*

Mr. Henderson presented Contractors Estimate No. 2 for contract 04 in the amount of \$412,878.54. Following review, motion was made by Calvin Hatfield approving Contractors Estimate No. 2 for contract 04 in the amount of \$412,878.54 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

Mr. Henderson presented Resolution No. 06 in the amount of \$427,421.62 for project engineering and construction services. Following review, motion was made by Calvin Hatfield approving Resolution No. 6 in the amount of \$427,421.62 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**MINUTES**

10 January 2006

Page 2

Mr. Henderson presented Requisition No. 06 in the amount of \$427,421.62 for project engineering and construction services. Following review, motion was made by Calvin Hatfield approving Requisition No. 6 in the amount of \$427,421.62 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**Kanawha Valley Sewer Project**

Mr. Henderson advised the Board that arrangements for core drilling the lift station sites is on track and we still have not been able to finalize the purchase of the remaining property for a lift-station. The project is on schedule and we are on schedule to advertise the project for bids at the end of January or early February depending upon approval from USDA RUS.

**North Putnam Sewer Project**

Mr. McNulty informed the Board that the PSC has not issued a Recommended Decision on the revised PCA from the US Army Corps of Engineers. Mr. McNulty also reported that he has spoken with Janna Lowery, USDA RUS, earlier today and that she needed one additional piece of information from John Stump, Steptoe & Johnson, prior to sending the acquisition package to the Virginia office for approval.

*Project Finances*

Mr. Henderson presented Requisition No. 34 in the amount of \$15.40 for project legal services. Following review, motion was made by Calvin Hatfield approving Requisition No. 34 in the amount of \$15.40 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**Water System Improvement Project**

Mr. McNulty informed the Board that the advertisement for bids was published on Monday, January 9. The Pre-bid meeting is scheduled for January 26, 2006 and the Bid opening will be held on February 9, 2006.

**Vintroux Hollow Water & Sewer Project**

Mr. McNulty informed the Board that Ok4 Engineers has reported they have almost completed the paperwork necessary to apply for a \$500,000 grant from the US Army Corps of Engineers.

Mr. McNulty presented the Board with a request to advertise for engineering services to incorporate the Teays Hollow project area and the Great Teays Force-Main replacement into this project. Following discussion, motion was made by Calvin Hatfield approving Staff's request to advertise for engineering services to incorporate the Teays Hollow project area and the Great Teays Force-Main replacement. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
MINUTES

10 January 2006

Page 3

**NEW BUSINESS**

**Developer Plans**

No plans were presented

**Great Teays Maintenance Facility**

Mr. McNulty presented a request to advertise for professional engineering and design services to complete the Great Teays Maintenance Facility that will consist of a new maintenance garage, grinder pump shop, meter test shop, employee locker room facility and offices. The plan also calls for the construction of shed buildings to house District vehicles and equipment as well as water and sewer pipe. Following discussion, motion was made by Calvin Hatfield approving Staff's request to advertise for professional engineering and design services for the completion of the Great Teays Maintenance Facility. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

Chairman Kelley thanked the Putnam County Commissioners for their assistance over the past year and opened the floor to discussion for future projects and plans for the betterment of Putnam County. There being no additional project related topics for discussion, Chairman Kelley returned to beginning order of business.

**MODIFICATION OF PSD BOARD BY-LAWS**

The Board was provided with a copy of strikethrough and insert of proposed language for Section V of the District's By-Laws. Following review motion was made by Calvin Hatfield to adopt the proposed language. (Copy Attached) Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**SELECTION OF OFFICERS**

Motion was made by Calvin Hatfield to select Jerry Kelley to serve as the Board Chair, Joe Miller as the Board Secretary and Calvin Hatfield as the Board Treasurer. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**MINUTES OF PREVIOUS MEETING**

Motion was made by Calvin Hatfield approving the Minutes of the December 27, 2005 regular meeting of the PSD Board that were provided to the Board prior to the meeting for review. Joe Miller seconded the motion that was approved and carried by unanimous vote.

**FINANCIAL REPORT & PAYMENT OF REQUISITIONS**

The status report of the District's bank accounts was provided to the Board at the meeting for review.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
MINUTES

10 January 2006

Page 4

Requisition #706 in the amount of \$115,458.17 was presented to the Board for re-approval; Requisition #707 in the amount of 66,714.53 was presented to the Board for re-approval; Requisition # 708 in the amount of \$259,336.88 was presented to the Board for re-approval; and Requisition #709 totaling \$100,111.26 was presented to the Board for approval. Following review, motion was made by Calvin Hatfield approving the Requisitions as presented for payment. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; and Miller: Yes. Motion carried.

**CUSTOMER ADJUSTMENT REQUESTS**

Mr. McNulty presented the customer adjustment requests as outlined below.

| Name/Address                                 | Water    | Sewer    | Action   |
|--|----------|----------|----------|
| Kenneth Caplinger<br>117 Teays Meadows       | \$27.68  | \$51.42  | Approved |
| Kenneth Caplinger<br>117 Teays Meadows       | \$79.50  | 150.71   | Approved |
| Kenneth Caplinger<br>117 Teays Meadows       | \$11.13  | \$20.69  | Approved |
| Gary Bolen<br>RR12 Box 294 B-4               | ---      | 241.85   | Approved |
| Adam Vogel<br>RR3 Box 42 B-1                 | ---      | \$99.75  | Approved |
| Danny Lee Cottle<br>13 Seville Dr.           | \$16.22  | \$30.14  | Approved |
| Darrell Briscoe<br>1806 Harmon's Br. Rd.     | \$200.72 | ---      | Approved |
| Pamela Santone<br>44 Deerfield Lane          | \$9.06   | \$17.14  | Approved |
| Patricia Holestine<br>21 Granda Circle       | \$20.68  | \$38.41  | Approved |
| Phyllis McHenry Powers<br>203 Carrington Dr. | \$172.44 | \$339.23 | Approved |
| Misty Kirby<br>121 Valley Bend               | \$15.59  | \$28.95  | Approved |
| Misty Kirby<br>121 Valley Bend               | \$9.31   | \$15.37  | Approved |

Following review, motion was made by Calvin Hatfield approving the customer adjustment requests as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; and Miller: Yes. Motion carried.

**OTHER BUSINESS**

No other business was presented before the Board.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
Regular Meeting of the PSD Board  
MINUTES

10 January 2006

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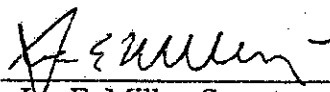
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**ADJOURNMENT**

There being no further business, motion was made by Calvin Hatfield adjourning the regular meeting at 9:00 p.m. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; and Miller: Yes. Motion carried.

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Jerry K. Kelley, Chairman

  
Joe E. Miller, Secretary

  
Calvin L. Hatfield, Treasurer

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**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**25 April 2006**

**MINUTES**

Chairman Jerry Kelley called to order the regular meeting of the PSD Board with Board members Joe Miller and Calvin Hatfield present. Staff present included Mike McNulty, David Mercer, and Donnie Turner.

**RECOGNITION OF GUESTS**

The Board recognized Dan Bailey and Coy Miller, U.S. Army Corps of Engineers, and John Stump, Steptoe and Johnson.

**CHANGE IN ORDER OF THE AGENDA**  
**NORTH PUTNAM SEWER PROJECT**

Without objection, Chairman Kelley recognized Coy Miller, U.S. Army Corps of Engineers, to give a report on the funding status of the North Putnam Sewer Plant upgrade project. Mr. Miller noted that he was attending tonight's just as he had committed during the March 21<sup>st</sup> meeting. Mr. Miller stated that he would be meeting with Representative Moore-Capito on April 27 to discuss the projects adversely affected by the Corps policy on reprogramming. At this time he had no new information to share but they would be working to restore the funding. Mr. Miller turned the discussion over to Dan Bailey to present the revised PCA. Mr. Bailey highlighted the various components of the PCA that mainly consisted of revising the grant amount from \$1.57 million to \$300,000. This amount is intended to cover the Corps share of the design of the project.

**MINUTES OF PREVIOUS MEETING**

Motion was made by Calvin Hatfield approving the Minutes of the April 11, 2006 regular meeting of the PSD Board that were provided to the Board prior to the meeting for review. Joe Miller seconded the motion that was approved by unanimous vote.

**FINANCIAL REPORT & PAYMENT OF REQUISITIONS**

A status report of the District's bank accounts was provided to the Board at the meeting for review.

Requisition #722 in the amount of \$177,933.75 was presented to the Board for re-approval; and Requisition #723 in the amount of \$29,118.21 was presented to the Board for approval; and Requisition #724 in the amount of \$135,426.95 was presented to the Board for approval.

Following review, motion was made by Calvin Hatfield approving the Requisitions as presented for payment. Joe Miller seconded the motion that was approved by unanimous vote.

**CUSTOMER ADJUSTMENT REQUESTS**

Mr. McNulty presented the customer adjustment requests as outlined below.

| Name/Address                          | Water   | Sewer | Action   |
|---------------------------------------|---------|-------|----------|
| Darin McCallister<br>116 McCloud Road | \$65.46 | ---   | Approved |



**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
**MINUTES**

25 April 2006

Page 2

|   |         |          |          |
|---|---------|----------|----------|
| Joseph Sullivan<br>141 Scott Lane               | \$42.63 | \$79.19  | Approved |
| Second Time Around<br>Putnam Village Around #30 | \$62.74 | \$118.79 | Approved |
| Second Time Around<br>Putnam Village Around #30 | \$51.93 | \$97.52  | Approved |
| Sidney Linville<br>15 Cabern Drive              | \$26.72 | \$49.65  | Approved |
| Anoway Smith<br>13 Williarose Drive             | ---     | \$70.92  | Approved |

Following review, motion was made by Calvin Hatfield approving the customer adjustment requests as presented. Joe Miller seconded the motion that was approved by unanimous vote.

**OLD BUSINESS**

**WVDOH Projects**

No report was presented.

**Sewer Interceptor /TIF District Project**

Mr. McNulty informed the Board that the new sewage lift station was in operation and working as designed.

**Kanawha Valley Sewer Project**

Chairman Kelley recognized John Stump, District's Bond Counsel, for the purpose of presenting a Resolution authorizing the issuance by South Putnam Public Service District of its Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) in the amount of \$4,946,000 and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) in the amount of \$2,104,000 to finance the acquisition and construction of certain improvements, extensions and betterments to the District's existing sewage treatment and collection system.

Following review, motion was made by Calvin Hatfield approving the Resolution as presented by Mr. Stump. Joe Miller seconded the motion that was approved by unanimous vote.

*Note: A copy of the Resolution is attached to these minutes.*

**Project Finances:**

Mr. Mercer presented Payment Requisition #1 in the amount of \$2,850.00, payable to South Putnam PSD from the KV-Midway Sewer Project account.

Following review, motion was made by Calvin Hatfield approving Requisition #1 in the amount of \$2,850.00 as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote.

Mr. Mercer presented Payment Requisition #1 in the amount of \$1,800.00, payable to South Putnam PSD from the Midway Sewer Project account.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
**MINUTES**

25 April 2006

Page 3

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Following review, motion was made by Calvin Hatfield approving Requisition #1 in the amount of \$1,800.00 as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote.

**Water System Improvement Project**

Chairman Kelley recognized John Stump, District's Bond Counsel, for the purpose of presenting a Resolution authorizing the issuance by South Putnam Public Service District of its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture) in the amount of \$8,190,000 to finance the payment of the District's Waterworks System Bond Anticipation Notes, Series 2004 B and the acquisition and construction of certain improvements, extensions and betterments to the District's existing water treatment and distribution system.

Following review, motion was made by Calvin Hatfield approving the Resolution as presented by Mr. Stump. Joe Miller seconded the motion that was approved by unanimous vote.

*Note: A copy of the Resolution is attached to these minutes.*

**Project Finances:**

Mr. Mercer presented Payment Requisition #1 in the amount of \$4,950.00, payable to South Putnam PSD from the WSI Construction account.

Following review, motion was made by Calvin Hatfield approving Requisition # in the amount of \$4,950.00 as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote.

**Vintroux Hollow/Teays Hollow Project**

Mr. McNulty informed the Board that Joe Carney, P.E., EL Robinson Engineering has delivered a copy of the proposed contract for engineering services for Staff's review and recommendation.

**Great Teays Maintenance Facility**

Mr. McNulty informed the Board that EL Robinson Engineering was gathering additional information prior to presenting a proposed contract for engineering services.

**NEW BUSINESS**

**Developer Plans**

No Developer Plans were presented.

**OTHER BUSINESS**

**Board Meeting Dates**

Mr. McNulty informed the Board that the regular scheduled Board meeting dates during the month of May are in conflict with Election Day and the WV Chapter of the American Water Works Association Conference.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
**MINUTES**

25 April 2006

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Upon review, Calvin Hatfield made the motion to reschedule the Board meeting dates for the month of May to Wednesday, May 10, 2006 at 7:00 pm and Tuesday, May 30, 2006 at 7:00 pm. Joe Miller seconded the motion that was approved by unanimous vote.

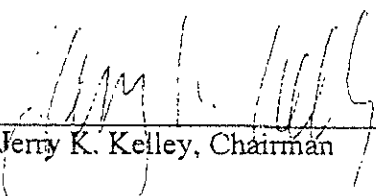
**EXECUTIVE SESSION**

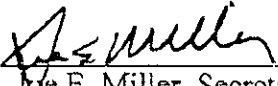
At 8:55 pm, motion was made by Calvin Hatfield recessing the regular meeting and enter into Executive Session for the purpose of discussing a personnel matter. Joe Miller seconded the motion that was approved by unanimous vote.

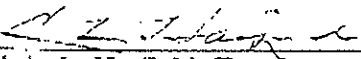
At 9:30 pm, motion was made by Calvin Hatfield to reconvene the regular meeting. Joe Miller seconded the motion that was approved by unanimous vote.

**ADJOURNMENT**

There being no further business, motion was made by Calvin Hatfield adjourning the regular meeting at 9:35 p.m. Joe Miller seconded the motion that was approved by unanimous vote.

  
\_\_\_\_\_  
Jerry K. Kelley, Chairman

  
\_\_\_\_\_  
Joe E. Miller, Secretary

  
\_\_\_\_\_  
Calvin L. Hatfield, Treasurer

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**10 May 2006**

**MINUTES**

Chairman Jerry Kelley called to order the regular meeting of the PSD Board with Board members Joe Miller and Calvin Hatfield present. Staff members present included Mike McNulty, David Mercer, and Jason Henderson.

**RECOGNITION OF GUESTS**

The Board recognized John Stump, Steptoe & Johnson, Teresa Miller USDA RUS, Bob Rodecker, Esquire and Ralph Bassett, Esquire/CPA.

**CHANGE IN ORDER OF THE AGENDA**

Without objection, Chairman Kelley announced that due to time constraints, the Board would not follow the Agenda in any particular order and would take up other business items as time permitted.

**KANAWHA VALLEY / MIDWAY SEWER PROJECT**

Chairman Kelley recognized John Stump, District's Bond Counsel, for the purpose of discussing a Supplemental Resolution authorizing the issuance by South Putnam Public Service District of its Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) in the amount of \$4,946,000 and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) in the amount of \$2,104,000 to finance the acquisition and construction of certain improvements, extensions and betterments to the District's existing sewage collection system.

Thereupon, the Chairman presented a proposed Supplemental Resolution in writing entitled:

**SUPPLEMENTAL RESOLUTION APPROVING THE CONFORMED BOND RESOLUTION;  
AND MAKING OTHER PROVISIONS AS TO THE BONDS.**

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Calvin Hatfield and seconded by Joe Miller, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Immediately following the adoption of the Supplemental Resolution, the Board executed the closing documents for the Sewer Revenue Bonds.

**Project Finances:**

Mr. Henderson presented Payment Requisition #2 MIDWAY SEWER PROJECT in the amount of \$363,515.00 payable to the Putnam County Bank for project interim loan repayment.

Following review, Calvin Hatfield made the motion to approve Payment Requisition #2 MIDWAY SEWER PROJECT in the amount of \$363,515.00. Joe Miller seconded the motion that was approved by unanimous vote.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
MINUTES

10 May 2006

Page 2

Mr. Henderson presented Payment Requisition #2 KV-MIDWAY SEWER PROJECT in the amount of \$135,485.00 payable to the Putnam County Bank for project interim loan repayment.

Following review, Calvin Hatfield made the motion to approve Payment Requisition #2 KV-MIDWAY SEWER PROJECT in the amount of \$135,485.00. Joe Miller seconded the motion that was approved by unanimous vote.

**MINUTES OF PREVIOUS MEETING**

Motion was made by Calvin Hatfield approving the Minutes of the April 25, 2006 regular meeting of the PSD Board that were provided to the Board prior to the meeting for review. Joe Miller seconded the motion that was approved by unanimous vote.

**FINANCIAL REPORT & PAYMENT OF REQUISITIONS**

A status report of the District's bank accounts was provided to the Board at the meeting for review.

Requisition #724 in the amount of \$138,873.09 was presented to the Board for re-approval; and Requisition #725 in the amount of \$170,865.32 was presented to the Board for approval; and Requisition #726 in the amount of \$120,813.53 was presented to the Board for approval.

Following review, motion was made by Calvin Hatfield approving the Requisitions as presented for payment. Joe Miller seconded the motion that was approved by unanimous vote.

**CUSTOMER ADJUSTMENT REQUESTS**

Mr. McNulty presented the customer adjustment requests as outlined below.

| Name/Address                                    | Water   | Sewer    | Action   |
|---|---------|----------|----------|
| Joseph King<br>RR 62 Bancroft                   | ---     | \$13.03  | Approved |
| Elizabeth Baptist Church<br>410 Washington Ave. | ---     | \$170.05 | Approved |
| Denver Sowards<br>Rt. 4, Box 224 Hurricane Ck.  | \$34.68 | ---      | Approved |
| Paul Walker<br>3615 Brookshire Dr.              | \$53.09 | \$98.70  | Approved |
| Penny Grose<br>28 Poplar Hills                  | \$28.32 | \$52.60  | Approved |
| Penny Grose<br>28 Poplar Hills                  | \$12.73 | \$23.64  | Approved |

Following review, motion was made by Calvin Hatfield approving the customer adjustment requests as presented. Joe Miller seconded the motion that was approved by unanimous vote.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**MINUTES**

10 May 2006

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**Water System Improvement Project**

Chairman Kelley recognized John Stump, District's Bond Counsel, for the purpose of discussing a Supplemental Resolution authorizing the issuance by South Putnam Public Service District of its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture) in the amount of \$8,190,000 to finance the payment of the District's Waterworks System Bond Anticipation Notes, Series 2004 B and the acquisition and construction of certain improvements, extensions and betterments to the District's existing water treatment and distribution system.

Thereupon, the Chairman presented a proposed Supplemental Resolution in writing entitled:

**SUPPLEMENTAL RESOLUTION APPROVING THE CONFORMED BOND RESOLUTION;  
AND MAKING OTHER PROVISIONS AS TO THE BONDS.**

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Calvin Hatfield and seconded by Joe Miller, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Immediately following the adoption of the Supplemental Resolution, the Board executed the closing documents for the Water Revenue Bonds.

**Project Finances**

Mr. Henderson presented Payment Requisition #2 WSI CONSTRUCTION in the amount of \$895,657.64 payable to Putnam County Bank, \$599,000.00; WV Municipal Bond Commission \$120,000.00 and Bell Engineering \$176,657.64.

Following review, motion was made by Calvin Hatfield approving Payment Requisition #2 WSI CONSTRUCTION in the amount of \$895,657.64. Joe Miller seconded the motion that was approved by unanimous vote.

**Owner-Engineer Agreement**

Mr. Henderson presented Amendment No.2 to Owner-Engineer Agreement as it relates to Scope Changes/Service Changes.

Following review, Calvin Hatfield made the motion to approve Amendment No. 2 to Owner-Engineer Agreement. Joe Miller seconded the motion that was approved by unanimous vote.

**OLD BUSINESS**

**WVDOH Projects**

**Project Finances:**

Mr. Henderson presented WVDOH Partial Invoice No. 8 in the amount of \$4,534.30 for Engineering and SPPSD Expenses.

Following review, motion was made by Calvin Hatfield approving WVDOH Partial Invoice No. 8 in the amount of \$4,534.30. Joe Miller seconded the motion that was approved by unanimous vote.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
**MINUTES**

10 May 2006

Page 4

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**Sewer Interceptor /TIF District Project**

**Project Finances:**

Mr. Henderson presented Resolution No. 10 for approval of \$153,738.08 for project engineering and construction services.

Following review, motion was made by Calvin Hatfield approving Resolution No. 10 as presented in the amount of \$153,738.08. Joe Miller seconded the motion that was approved by unanimous vote.

Mr. Henderson presented Payment Requisition No. 10 in the amount of \$153,738.08.

Following review, motion was made by Calvin Hatfield approving Payment Requisition No. 10 in the amount of \$153,738.08. Joe Miller seconded the motion that was approved by unanimous vote.

**North Putnam Sewer Project**

Mr. McNulty informed the Board that Staff was working with Dan Bailey, US Army Corps of Engineers, on reimbursement for engineering design services related to the project.

**Project Finances**

Mr. Henderson presented Payment Requisition #37 in the amount of \$5000.00 payable to Cultural Resource Analysts, Inc. for archeological services.

Following review, motion was made by Calvin Hatfield approving Payment Requisition #37 in the amount of \$5,000.00. Joe Miller seconded the motion that was approved by unanimous vote.

**Vintroux Hollow/Teays Hollow Project**

No information was presented.

**Great Teays Maintenance Facility**

Mr. McNulty informed the Board that he had met with Eric Coblerly, EL Robinson Engineering and would be working on having a contract for review within the next couple of weeks.

**NEW BUSINESS**

**Developer Plans**

No Developer Plans were presented.

**OTHER BUSINESS**

Chairman Kelley recognized Bob Rodacker, District's Public Service Commission Legal Counsel, to give a presentation on the District's intervention in the West Virginia American Water *Demand-Based Sale for Resale Tariff* case. Mr. Rodacker explained the advantages gained by intervening into the case and discussed the details of the settlement between the parties.

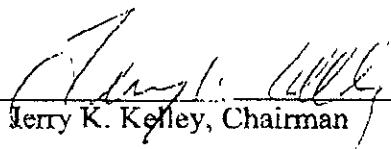
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
Regular Meeting of the PSD Board  
MINUTES

10 May 2006

Page 5

**ADJOURNMENT**

There being no further business, motion was made by Calvin Hatfield adjourning the regular meeting at 9:45 p.m. Joe Miller seconded the motion that was approved by unanimous vote.

  
Terry K. Koley, Chairman

  
Joe E. Miller, Secretary

  
Calvin L. Hatfield, Treasurer





WV MUNICIPAL BOND COMMISSION  
8 Capitol Street  
Suite 500, Terminal Building  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: May 12, 2006

ISSUE: South Putnam Public Service District, Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture)

ADDRESS: Post Office Box 147, Scott Depot, West Virginia 25560 COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: May 12, 2006 CLOSING DATE: May 12, 2006

ISSUE AMOUNT: \$4,946,000 RATE: N/A

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: Issuer

BOND COUNSEL: Stephoe & Johnson PLLC  
Contact Person: John C. Stump, Esquire  
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

CLOSING BANK: N/A  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: Mike McNulty, P.E.  
Position: General Manager  
Phone: (304) 757-6551

OTHER: United States Department of Agriculture  
Contact Person: Teresa Miller  
Function: Rural Development Specialist  
Phone: (304) 252-8644

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_  
To Escrow Trustee: \$ \_\_\_\_\_  
To Issuer: \$ \_\_\_\_\_  
To Cons. Invest. Fund: \$ \_\_\_\_\_  
To Other: \$ \_\_\_\_\_

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2006 A Bonds Reserve Account. Payments to the Series 2006 A Bonds Reserve Account will commence upon completion of construction.

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_

WV MUNICIPAL BOND COMMISSION  
8 Capitol Street  
Suite 500, Terminal Building  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: May 12, 2006

ISSUE: South Putnam Public Service District, Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture)

ADDRESS: Post Office Box 147, Scott Depot, West Virginia 25560 COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: May 12, 2006

CLOSING DATE: May 12, 2006

ISSUE AMOUNT: \$2,104,000

RATE: N/A

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A

PAYING AGENT: Issuer

**BOND**

COUNSEL: Steptoe & Johnson PLLC  
Contact Person: John C. Stump, Esquire  
Phone: (304) 353-8196

**UNDERWRITERS**

COUNSEL: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

CLOSING BANK: N/A  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

**KNOWLEDGEABLE ISSUER CONTACT**

Contact Person: Mike McNulty, P.E.  
Position: General Manager  
Phone: (304) 757-6551

**OTHER: United States Department of Agriculture**

Contact Person: Teresa Miller  
Function: Rural Development Specialist  
Phone: (304) 252-8644

DEPOSITS TO MBC AT CLOSE:  
By: \_\_\_\_\_ Wire  
\_\_\_\_\_ Check

Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_

**REFUNDS & TRANSFERS BY MBC AT CLOSE**

By: \_\_\_\_\_ Wire  
\_\_\_\_\_ Check  
\_\_\_\_\_ IGT

To Escrow Trustee: \$ \_\_\_\_\_  
To Issuer: \$ \_\_\_\_\_  
To Cons. Invest. Fund: \$ \_\_\_\_\_  
To Other: \$ \_\_\_\_\_

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2006 B Bonds Reserve Account. Payments to the Series 2006 B Bonds Reserve Account will commence upon completion of construction.

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.





FSD

**USDA** UNITED STATES DEPARTMENT OF AGRICULTURE  
**RURAL DEVELOPMENT**

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500  
304.284.4860 • 1.800.295.8228 • fax 304.284.4893 • TTY/TDD 304.284.4836

June 15, 2004

Jerry K. Kelley, Chairman  
South Putnam Public Service District (Kanawha Valley) - Sewer  
P.O. Box 147  
Scott Depot, WV 25560

Dear Mr. Kelley:

This letter, with Attachments 1 through 13 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$4,946,000 for a total project cost of \$4,946,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for South Putnam Public Service District (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)

[www.rurdev.usda.gov/wv](http://www.rurdev.usda.gov/wv)

Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"

Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"

Attachment No. 11 - Sample Credit Agreement (Applicant Copy)

Attachment No. 12 - RUS Policy regarding Use of Remaining Funds

Attachment No. 13 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.375% interest rate and a monthly amortization factor of .00451, which provides for a monthly payment of \$22,307. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.  
  
You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.
2. Security - The loan must be secured by a statutory lien of equal priority with the PSD's existing 1980, 1995, and 202 sewer bond issues, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 7923 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a signed certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing sewer system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids. The 500 proposed new users on the system will be required by statute (mandatory hook-up provision) to connect to and utilize the system. The PSD must provide a written certification that it will enforce the state statute.
4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner



facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

- c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
- d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
- e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the West Virginia Public Service Commission:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission

application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time.

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
  - (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
  - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:
  - (1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and

will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

16. Sewage Treatment Contract - You propose to purchase sewage treatment from City of Nitro; therefore, you must enter into a Sewage Treatment Contract. Form RD 442-30, "Water Purchase Contract" may be used as a guide.
17. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
  - Form RD 442-7 - "Operating Budget"
  - Form RD 1940-1 - "Request for Obligation of Funds"
  - RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
  - Form RD 400-1 - "Equal Opportunity Agreement"
  - Form RD 400-4 - "Assurance Agreement"
  - Form AD 1047 - "Certification Regarding Debarment - Primary"
  - Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
  - FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
  - Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
  - Certification of Compliance
  - Form RD 1942-46, "Letter of Intent to Meet Conditions"
18. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
19. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

The "RUS Policy Regarding Use of Remaining Funds" is attached for your information and use (Attachment No. 12). This policy should be adhered to when

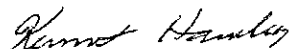
addressing the use of bid underrun funds, as well as any funds remaining after project construction is complete.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,



JENNY N. PHILLIPS  
State Director

Enclosures

cc: Rural Development Specialist  
Beckley, WV

Ralph Bassett, Jr.  
Attorney at Law  
1156 South Main St.  
Milton, WV 25541

Robert R. Rodecker  
Attorney at Law  
P.O. Box 3713  
Charleston, WV 25337

David Moyer  
Attorney at Law  
P.O. Box 1074  
Hurricane, WV 25526

S&S Engineers Inc.  
Ashok Sanghavi, P.E.  
501 Eagle Mountain Road  
Charleston, WV 25311

QK4  
Pat Rawlings, P.E.  
Keystone Professional Bldg.  
418 Goff Mountain Road  
Charleston, WV 25313

Steptoe & Johnson  
John Stump  
Attorney at Law  
P.O. Box 1588  
Charleston, WV 25326

Project Construction Budget

| <u>PROJECT COST</u> | <u>RUS LOAN</u>  | <u>TOTAL</u>     |
|---------------------|------------------|------------------|
| CONSTRUCTION        | \$ 3,420,525     | \$ 3,420,525     |
| CONST. CONTINGENCY  | \$ 275,933       | \$ 275,933       |
| LAND & RIGHTS       | \$ 65,000        | \$ 65,000        |
| LEGAL FEES          | \$ 23,725        | \$ 23,725        |
| BOND COUNSEL        | \$ 25,480        | \$ 25,480        |
| ACCOUNTING          | \$ 6,500         | \$ 6,500         |
| ENGINEERING FEES    | \$ 518,260       | \$ 518,260       |
| Basic - \$ 282,260  |                  |                  |
| Insp. - \$ 196,000  |                  |                  |
| Special - \$ 40,000 |                  |                  |
| INTEREST            | \$ 357,500       | \$ 357,500       |
| PSD ADMINISTRATION  | \$ 55,640        | \$ 55,640        |
| PERMITS             | \$ 43,431        | \$ 43,431        |
| INTERIM FINANCING   | \$ 35,750        | \$ 35,750        |
| PROJECT CONTG.      | \$ 118,256       | \$ 118,256       |
| <br>TOTAL           | <br>\$ 4,946,000 | <br>\$ 4,946,000 |

Rates

Available for general domestic, commercial, and industrial service.

|       |       |           |         |               |
|-------|-------|-----------|---------|---------------|
| First | 2,000 | gallons @ | \$ 6.56 | per M gallons |
| Over  | 2,000 | gallons @ | \$ 6.56 | per M gallons |

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

|             |       |             |           |
|-------------|-------|-------------|-----------|
| 5/8" x 3/4" | meter | \$ 13.12    | per month |
| 3/4"        | meter | \$ 19.68    | per month |
| 1"          | meter | \$ 32.80    | per month |
| 1 1/2"      | meter | \$ 65.60    | per month |
| 2"          | meter | \$ 104.96   | per month |
| 3"          | meter | \$ 196.80   | per month |
| 4"          | meter | \$ 328.00   | per month |
| 6"          | meter | \$ 656.00   | per month |
| 8"          | meter | \$ 1,049.60 | per month |

Minimum Monthly Bill \$ 13.12 for 2,000 gallons

#### Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

#### Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

#### Reconnection Charge

\$25.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
USE AND INCOME ANALYSIS  
EXISTING SYSTEM

| Blocking             | Cust. | Gal/<br>Mo.   | Minimum<br>Bills | ALL GALLONS<br>PER MONTH |
|----------------------|-------|---------------|------------------|--------------------------|
| 0 - 2000             | 1,310 | 1,450.00      | 1,310            |                          |
| all meter sizes/1000 | 5,906 | 38,328.90     |                  | 38,328.90                |
| <hr/>                |       |               |                  |                          |
| Monthly Total        | 7,216 | 39,778.90     | 1,310.00         | 38,328.90 0.00           |
| <hr/>                |       |               |                  |                          |
| Proposed Rates       |       | \$ 13.12      | \$ 6.56          |                          |
| <hr/>                |       |               |                  |                          |
| Monthly Revenues     |       | \$ 17,187.20  | \$ 251,437.58    | \$ - \$ 268,624.78       |
| <hr/>                |       |               |                  |                          |
| Annual Revenues      |       | \$ 206,246.40 | \$ 3,017,251.01  | \$ - \$ 3,223,497.41     |

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
USE AND INCOME ANALYSIS  
PUTNAM UTILITIES

| Blocking             | Cust. | Gal/<br>Mo. | Minimum<br>Bills | ALL GALLONS<br>PER MONTH    |
|----------------------|-------|-------------|------------------|-----------------------------|
| 0 - 2000             | 46    | 86.30       | 46               |                             |
| all meter sizes/1000 | 111   | 637.80      |                  | 637.80                      |
| <hr/>                |       |             |                  |                             |
| Monthly Total        | 157   | 724.10      | 46.00            | 637.80 0.00                 |
| <hr/>                |       |             |                  |                             |
| Proposed Rates       |       | \$          | 13.12 \$         | 6.56                        |
| <hr/>                |       |             |                  |                             |
| Monthly Revenues     |       | \$          | 603.52 \$        | 4,183.97 \$ - \$ 4,787.49   |
| <hr/>                |       |             |                  |                             |
| Annual Revenues      |       | \$          | 7,242.24 \$      | 50,207.62 \$ - \$ 57,449.86 |



SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
USE AND INCOME ANALYSIS  
KANAWHA VALLEY AREA

| Blocking         | Cust. | Gal/<br>Mo. | Minimum<br>Bills | ALL GALLONS<br>PER MONTH |
|------------------|-------|-------------|------------------|--------------------------|
| New Users        | 500   | 2,228.00    |                  | 2,228.00                 |
| Monthly Total    | 500   | 2,228.00    | 0.00             | 2,228.00 0.00            |
|                  |       | \$ 13.12    | \$ 6.56          |                          |
| Monthly Revenues |       | \$ -        | \$ 14,615.68     | \$ - 14,615.68           |
| Annual Revenues  |       | \$ -        | \$ 175,388.16    | \$ - 175,388.16          |

SOUTH PUTNAM PUBLIC SERVICE DISTRICT (KANAWHA VALLEY)  
OPERATING BUDGET

|   |              |                          |
|---|--------------|--------------------------|
| OPERATING INCOME                        |              |                          |
| Metered Sales                           | \$ 3,456,334 |                          |
| Penalties                               | \$ 47,408    |                          |
| Other Income                            | \$ 21,076    |                          |
| Reconnect Fees                          | \$ 950       |                          |
| TOTAL OPERATING INCOME                  |              | <u>\$ 3,525,768</u>      |
| NON OPERATING INCOME                    |              |                          |
| Interest income                         | \$ 3,469     |                          |
| TOTAL NON OPERATING INCOME              |              | <u>\$ 3,469</u>          |
| TOTAL INCOME                            |              | <u>\$ 3,529,237</u>      |
| EXPENSES                                |              |                          |
| *O & M                                  | \$ 2,020,170 |                          |
| Taxes                                   | \$ 81,564    |                          |
| TOTAL EXPENSES                          |              | <u>\$ 2,101,734</u>      |
| INCOME AVAILABLE FOR D/S (A)            |              | <u>\$ 1,427,503</u>      |
| DEBT SERVICE                            |              |                          |
| Existing Bond P & I (B)                 | \$ 731,412   |                          |
| Proposed Bond P & I (B)(Kanawha Valley) | \$ 267,684   |                          |
| TOTAL DEBT SERVICE                      |              | <u>\$ 999,096</u>        |
| DEBT SERVICE RESERVE                    |              |                          |
| Debt Service Reserve                    | \$ 85,481    |                          |
| TOTAL DEBT SERVICE RESERVE              |              | <u>\$ 85,481</u>         |
| **SURPLUS (DEFICIT)                     |              | <u><u>\$ 342,926</u></u> |
| DEBT COVERAGE (A/B)                     |              | \$ 1.43                  |

Based on RUS loan of \$4,946,000 at a 4.375% interest rate for 38 years.

\*Existing O&M = \$1,934,557; Proposed O&M = 70% of \$122,304 = \$85,613

\*\*Per WVPSC, the PSD will not be allowed to show a surplus in future Annual Reports.  
This money will be shown in capital improvements for the system.

**UNITED STATES DEPARTMENT OF AGRICULTURE  
 RURAL UTILITIES SERVICE  
 Water and Waste Processing Checklist**

| <u>Form Number</u>  | <u>Document or Action</u>                                       | <u>Number Needed</u> | <u>Procedure Reference</u> | <u>Provided By</u>       | <u>Target Date</u> | <u>Date Received</u> | <u>File Position</u> |
|---------------------|---|----------------------|----------------------------|--------------------------|--------------------|----------------------|----------------------|
| SF 424.2            | Application for Federal Assistance                              | 3                    | 1780.31(b)                 | Applicant                |                    | HAVE                 | 3                    |
|                     | Duns Number   | 1                    |                            | Applicant                |                    |                      | 3                    |
|                     | CAIVRS Number   | 1                    |                            | RUS                      |                    |                      | CPAP Form            |
|                     | Public Notice of Intent to File App./ Env. Notice               | 3                    | 1780.19(a)<br>1794         | Applicant                |                    | HAVE                 | 3                    |
| Bulletin 1780-22    | Applicant Eligibility Certification/ Other Credit Certification | 1                    | 1780.33(d)                 | Applicant                |                    |                      | 3                    |
|                     | Bond Ordn. or Resol. On Outstanding Debts                       | 1                    | 1780.33(e)                 | Applicant/<br>Attorney   |                    |                      | 5                    |
|                     | Bonds or Notes Outstanding Debt                                 | 1                    | 1780.33(e)                 | Applicant/<br>Attorney   |                    | HAVE                 | 2                    |
|                     | Audit for last year of operation                                | 1                    | 1780.33(e)                 | Applicant/<br>Accountant |                    | HAVE                 | 1                    |
|                     | Staff Review Financial Statements                               | 1                    | S.I. 1780.2                | RUS                      |                    |                      | 1                    |
|                     | Agreement between Owner & Engineer                              | 3                    | 1780.39(b)                 | Applicant/<br>Engineer   |                    | HAVE                 | 6                    |
| EJCDC No. 1910-1-FA |   |                      |                            |                          |                    |                      |                      |

| Form Number                       | Document or Action  | Number Needed | Procedure Reference        | Provided By         | Target Date | Date Received | File Position |
|-----------------------------------|---|---------------|----------------------------|---------------------|-------------|---------------|---------------|
| Bulletin 1780-7 or other approved | Legal Services Agreement with Local Attorney                          | 3             | 1780.39 (b)(2)             | Applicant/ Attorney |             | HAVE          | 5             |
|                                   | Site Visit  |               | S.I. 1780-2                | RUS                 |             |               | 3             |
|                                   | Processing Conference   | 1             | 1780.39(a)                 | RUS                 |             |               | 3             |
|                                   | Environmental Report  | 2             | 1794                       | Applicant           |             | HAVE          | 3             |
|                                   | Environmental Assessment  | 2             | 1794                       | RUS/ Engineer       |             | HAVE          | 3             |
|                                   | FONSI/ Evidence of Publication  | 1             | Exhibit 1 RUS 1794 News Ad | RUS/ Applicant      |             | HAVE          | 3             |
| Bulletins 1780-2 1780-3           | Preliminary Engineering Report  | 2             | 1780.33(c)                 | Engineer            |             | HAVE          | 6             |
|                                   | Staff Engineer PER Review   | 1             | 1780.33(c)                 | RUS                 |             | HAVE          | 3             |
|                                   | Bill Analysis for existing system(s)                                  | 2             | 1780.33(c)                 | Applicant/ Engineer |             | HAVE          | 8             |
|                                   | Projected Bill Analysis for New Users                                 | 2             | 1780.33(c)                 | Applicant/ Engineer |             | HAVE          | 8             |
|                                   | Statement reporting the <u>total</u> number of <u>potential</u> users |               | 1780.33(c)                 | Applicant/ Engineer |             | HAVE          | 8             |
|                                   | Copy of Existing Rate Tariff  | 2             | 1780.33                    | Applicant           |             | HAVE          | 8             |
|                                   | Applicant's IRS Tax Number(TIN)                                       | 1             | 1780.33(g)                 | Applicant           |             | HAVE          | 3             |

| <u>Form Number</u> | <u>Document or Action</u>   | <u>Number Needed</u> | <u>Procedure Reference</u> | <u>Provided By</u> | <u>Target Date</u> | <u>Date Received</u> | <u>File Position</u> |
|--------------------|---|----------------------|----------------------------|--------------------|--------------------|----------------------|----------------------|
|                    | Agency Determination on the Availability of "Other Credit" with Documentation | 1                    | 1780.7(d)                  | RUS                |                    |                      | 3                    |
|                    | Documentation on Service Area   | 1                    | 1780.11                    | RUS                |                    |                      | 3                    |
| Bulletin 1780-1    | Project Selection Criteria  | 2                    | 1780.17                    | RUS                |                    | HAVE                 | 1                    |
|                    | Letter of Conditions  | 7                    | 1780.41 (a)(5)             | RUS                |                    | HAVE                 | 3                    |
| Exhibit A / A-1    | Certifications Regarding Lobbying   | 2                    | 1780.33(h)                 | Applicant          |                    | HAVE                 | 2                    |
| CPAP Form          | Project Summary   | 3                    | 1780.41(a)                 | RUS                |                    | HAVE                 | 1                    |
| RD 442-7           | Operating Budget  | 3                    | 1780.33(h)                 | Applicant          |                    | HAVE                 | 3                    |
| CPAP Form          | Project Fund Analysis   | 3                    | 1780.41(a)                 | RUS                |                    | HAVE                 | 2                    |
| RD 1940-1          | Request for Obligation of Funds   | 4                    | 1780.41(a)                 | RUS/<br>Applicant  |                    | HAVE                 | 2                    |
| RD 1942-46         | Letter of Intent to Meet Conditions   | 2                    | 1780.41 (a)(6)             | Applicant          |                    | HAVE                 | 3                    |
| AD 1047            | Certification Regarding Debarment (Primary)                                   | 1                    | 1780.33(h)                 | Applicant          |                    | HAVE                 | 5                    |
|                    | Relationships/ Associations with Agency Employees                             | 1                    | 1780.1(f)                  | RUS                |                    | HAVE                 | 3                    |

| Form Number      | Document or Action  | Number Needed | Procedure Reference | Provided By                | Target Date | Date Received | File Position |
|------------------|---|---------------|---------------------|----------------------------|-------------|---------------|---------------|
| RD 1910-11       | Applicant Certification, Federal Collection Policies                          | 1             | 1780.33(h)          | Applicant                  |             | HAVE          | 3             |
| Bulletin 1780-27 | Loan Resolution   | 1             | 1780.45 (a)(2)      | Applicant                  |             | HAVE          | 5             |
| RD 400-1         | Equal Opportunity Agreement   | 1             | 1901-E              | Applicant                  |             | HAVE          | 6             |
| RD 400-4         | Assurance Agreement   | 1             | 1901-E              | Applicant                  |             | HAVE          | 3             |
|                  | Legal Services Agreement with Bond Counsel                                    | 1             | 1780.39 (b)(3)      | Applicant/<br>Bond Counsel |             |               | 5             |
|                  | Agreement for Accounting Services   | 1             | 1780.39 (b)(2)      | Applicant/<br>Accountant   |             | HAVE          | 5             |
|                  | Sewer Users Agreement or State Health Dept. Mandatory Hook-Up Commitment Ltr. | 1             | 1780.39 (c) (3)     | Applicant                  |             |               | 5             |
|                  | Evidence of Users:  |               |                     |                            |             |               |               |
|                  | 1. Map of Users with each identified by number                                | 1             | LOC                 | Applicant                  |             |               | Separate File |
|                  | 2. List of Signed Users Numbered to Map                                       | 1             | LOC                 | Applicant                  |             |               | 5             |
|                  | 3. List of Declination Statements Numbered to Map                             | 1             | LOC                 | Applicant                  |             |               | 5             |
|                  | 4. Evidence of Tap Fees Being Paid  | 1             | LOC                 | Applicant                  |             |               | 5             |

| <u>Form Number</u>                                 | <u>Document or Action</u>                                       | <u>Number Needed</u> | <u>Procedure Reference</u> | <u>Provided By</u>             | <u>Target Date</u> | <u>Date Received</u> | <u>File Position</u> |
|--|---|----------------------|----------------------------|--------------------------------|--------------------|----------------------|----------------------|
|  | 5. Having Users Agreements and Declination Statements Available | 1                    | LOC                        | Applicant                      |                    |                      |                      |
|  | 6. Certification Relative to Existing Users                     | 1                    | LOC                        | Applicant                      |                    |                      | 5                    |
|  | Verification of Users   | 1                    | 1780.44(b)                 | RUS                            |                    |                      | 3                    |
|  | Sewer Treatment Contract  | 1                    | 1780.62/<br>1780.63        | Applicant/<br>Attorney/<br>RUS |                    |                      | 5                    |
|  | Accountant's Certification                                      | 1                    | LOC                        | Applicant/<br>Accountant       |                    |                      | 3                    |
|  | RUS Review of Accounting Records                                | 1                    | S.I. 1780-4<br>(1)(ii)     | RUS                            |                    |                      | 3                    |
|  | Copy of PSC Rule 42 Exhibit                                     | 1                    | State                      | Attorney/<br>Accountant        |                    | HAVE                 | 3                    |
| Lender Agreement/<br>Bulletin 1780-10/<br>1780-10a | Interim Financing Documenta-<br>tion                            | 1                    | 1780.39(d)                 | Applicant/<br>RUS              |                    |                      | 1                    |
|  | DOH Permit  | 1                    | 1780.15(d)                 | Applicant                      |                    |                      | 6                    |
|  | Railroad Permit   | 1                    | 1780.15(d)                 | Applicant                      |                    |                      | 6                    |
|  | Public Land Corp. Permit  | 1                    | 1780.15(d)                 | Applicant                      |                    |                      | 6                    |
|  | Corps of Engineers Permit                                       | 1                    | 1780.15(d)                 | Applicant                      |                    |                      | 6                    |
|  | Dept. of Health Approval  | 1                    | 1780.15(d)                 | Engineer                       |                    |                      | 6                    |

| <u>Form Number</u> | <u>Document or Action</u>                                       | <u>Number Needed</u> | <u>Procedure Reference</u> | <u>Provided By</u>               | <u>Target Date</u> | <u>Date Received</u> | <u>File Position</u> |
|--------------------|---|----------------------|----------------------------|----------------------------------|--------------------|----------------------|----------------------|
|                    | Dept. of Environmental Protection Permit                        | 1                    | 1780.15(d)                 | Engineer                         |                    |                      | 6                    |
|                    | Contract Documents, Plans & Specifications                      | 2                    | 1780.61(a)                 | Engineer                         |                    |                      | Separate File        |
|                    | Agency Determination on Procurement                             | 1                    | 1780.70(d)                 | RUS                              |                    |                      | 6                    |
|                    | Preliminary Bond Transcript Documents w/o Defeasance Provisions | 2                    | 1780.83                    | Bond Counsel                     |                    |                      | 5                    |
|                    | Right-of-Way Map  | 1                    | 1780.44(g)                 | Engineer                         |                    |                      | Separate File        |
|                    | Deeds and/or Options  |                      | 1780.44.(g)                | Applicant/ Attorney              |                    |                      | 5                    |
| RD 1927-9          | Preliminary Title Opinion                                       | 1                    | 1780.44 (g)(2)             | Applicant/ Attorney              |                    |                      | 5                    |
|                    | Narrative Opinion from Attorney                                 | 1                    | 1780.44(g)                 | Attorney                         |                    |                      | 5                    |
|                    | Waiver of Title Defects Letter                                  | 1                    | 1780.44(g)                 | RUS                              |                    |                      | 5                    |
| RD 442-22          | Opinion of Counsel Relative to R/Ways                           |                      | 1780.44 (g)(1)             | Attorney                         |                    |                      | 5                    |
|                    | Review of Outstanding Judgment                                  | 1                    | 1780.7(g)                  | RUS/ Attorney                    |                    |                      | 3                    |
| SF 3881            | Electronic Funds Transfer Payment Enrollment Form               | 1                    | 31 CFR 208                 | Applicant/ Financial Institution |                    |                      | 2                    |



| Form Number   | Document or Action                                       | Number Needed | Procedure Reference | Provided By                   | Target Date | Date Received | File Position |
|---------------|--|---------------|---------------------|-------------------------------|-------------|---------------|---------------|
|               | Positive Program to Encourage Connections when Completed | 1             | 1780.39<br>(c)(5)   | Applicant                     |             |               | 5             |
|               | PSC Approval   | 1             | 1780.15(b)          | Applicant/<br>Attorney        |             |               | 6             |
|               | Bid Tabulation   | 1             | 1780.61(b)          | Engineer                      |             |               | 6             |
|               | OGC Closing Instructions                                 | 1             | 1780.44(h)          | RUS                           |             |               | 5             |
|               | S/O Closing Instructions                                 | 1             | 1780.44(h)          | RUS                           |             |               | 5             |
| RD<br>1927-10 | Final Title Opinion                                      | 1             | 1780.44<br>(g)(2)   | Applicant/<br>Attorney        |             |               | 5             |
|               | Bond Transcript Documents w/o Defeasance Provisions      | 3             | 1780.83             | Bond Counsel                  |             |               | Separate File |
| RD<br>400-8   | Compliance Review  | 1             | 1780.44(c)          | RUS                           |             |               | 5             |
|               | Liability Insurance                                      | 1             | 1780.39(g)          | Applicant                     |             |               | 7             |
|               | Workers' Compensation Certificate                        | 1             | 1780.39(g)          | Applicant                     |             |               | 7             |
|               | Flood Insurance Policy                                   | 1             | 1780.39(g)          | Applicant                     |             |               | 7             |
| 1924-16       | Record of Pre-Construction Conference                    | 1             | 1780.76(a)          | RUS/<br>Engineer              |             |               | 6             |
| AD 1048       | Certification Regarding Debarment (Contractor)           | 1 each        | 1780.33(h)          | All<br>Appropriate<br>Vendors |             |               | 5             |
|               | OGC Final Opinion  | 1             | 1780.45(g)          | RUS                           |             |               | 5             |



**United States Department of Agriculture**  
**Rural Development**  
Beckley Area Office

April 25, 2006

Jerry Kelley, Chairman  
South Putnam Public Service District  
P. O. Box 147  
Scott Depot, WV 25560

Dear Mr. Kelley:

The pre-closing date for the PSD's Kanawha Valley sewer project has been established as May 10, 2006. The pre-closing will begin at 11:00 a.m. at the PSD office. Please note the pre-construction conference has been scheduled for May 11, 2006 at the PSD's office and will begin at 10:00 a.m.

Reference is made to our Letter of Conditions dated June 15, 2004. All of the requirements of that letter must be met.

Many of the aforementioned items have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. The PSD's attorney must furnish Form RD 442-22, "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated May 12, 2006.
2. The PSD's attorney must furnish Form RD 1927-10, "Final Title Opinion," on all land(s) being acquired. In addition, the attorney must provide a separate Final Title Opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated May 12, 2006.
3. The PSD's attorney must furnish an updated narrative opinion addressing all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. The opinion should be dated May 12, 2006.

481 Ragland Rd. • Beckley, WV 25801  
Phone: (304) 253-9597 • Toll Free: (800) 295-8228 • Fax: (304) 252-5809 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

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4. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain necessary bond and forward same to the WVDOH requesting the permit be issued.
5. The PSD's engineer must provide a resume of the proposed inspector(s).
6. The PSD must provide a letter accepting the proposed inspector(s).
7. The PSD must provide evidence that it has acquired insurance and bond coverage in accordance with item 11 of the Letter of Conditions.
8. The PSD must furnish evidence that it provides State Workman's Compensation Insurance.

If you have any questions regarding these or any other matters pertaining to your loan, please contact this office.

Sincerely,

TERESA A. MILLER  
Rural Development Specialist

Enclosures

cc: State Director, Rural Development, Morgantown, WV  
David Moye, Attorney at Law, Hurricane, WV  
Robert R. Rodecker, Attorney at Law, Charleston, WV  
✓ John Stump, Steptoe & Johnson Bond Counsel, Charleston, WV  
Ralph Bassett, CPA, Milton, WV  
Ashok Sanghavi, S&S Enginneers Inc., Charleston, WV



PSD

**USDA** UNITED STATES DEPARTMENT OF AGRICULTURE  
**RURAL DEVELOPMENT**

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500  
304.284.4860 • 1.800.295.8228 • fax 304.284.4893 • TTY/TDD 304.284.4836

June 15, 2004

Jerry K. Kelley, Chairman  
South Putnam Public Service District (Midway) Sewer  
P.O. Box 147  
Scott Depot, WV 25560

Dear Mr. Kelley:

This letter, with Attachments 1 through 13 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$2,104,000 for a total project cost of \$2,104,000. 4,380'10

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for South Putnam Public Service District (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)

[www.rurdev.usda.gov/wv](http://www.rurdev.usda.gov/wv)

- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
- Attachment No. 11 - Sample Credit Agreement (Applicant Copy)
- Attachment No. 12 - RUS Policy regarding Use of Remaining Funds
- Attachment No. 13 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4-3/8% interest rate and a monthly amortization factor of .00451, which provides for a monthly payment of \$9,490. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the PSD's outstanding 1980, 1995, and 2002 sewer bond issues, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 7923 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a signed certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing sewer system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids. The 50 proposed new users on the system will be required by statute (mandatory hook-up provision) to connect to and utilize the system. The PSD must provide a written certification that it will enforce the state statute.
4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of

this letter of conditions, its attachments and enclosures.

5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
6. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
  - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
  - b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 8) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
  - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

- b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
  - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
  - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
  - e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
    - West Virginia Department of Highways
    - Railroads
    - State Department of Health
    - Department of Environmental Protection
    - Corps of Engineers
    - Public Land Corporation
  10. Public Service Commission Approvals - You must obtain the following from the West Virginia Public Service Commission:
    - a. A Certificate of Convenience and Necessity.
    - b. Approval of user charges that are acceptable to you and the Rural Utilities Service.



- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time.

BRIM  
+ 1,000,000  
coverage

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
  - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

(1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

13. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.

14. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No.11).

15. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods.

The PSD will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

16. Sewage Treatment Contract - You propose to purchase sewage treatment from City of Nitro; therefore, you must enter into a Sewage Treatment Contract. Form RD 442-30, "Water Purchase Contract" may be used as a guide.

17. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 442-7 - "Operating Budget"

Form RD 1940-1 - "Request for Obligation of Funds"

RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"

Form RD 400-1 - "Equal Opportunity Agreement"

Form RD 400-4 - "Assurance Agreement"

Form AD 1047 - "Certification Regarding Debarment - Primary"

Form AD 1049 - "Certification Regarding Drug-Free Workplace"

Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"

FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"

Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)

Certification of Compliance

Form RD 1942-46, "Letter of Intent to Meet Conditions"

18. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

19. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually

acceptable date for the loan closing will be scheduled.

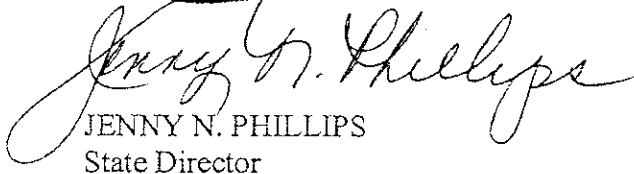
The "RUS Policy Regarding Use of Remaining Funds" is attached for your information and use (Attachment No. 12). This policy should be adhered to when addressing the use of bid underrun funds, as well as any funds remaining after project construction is complete.

After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,



JENNY N. PHILLIPS  
State Director

Enclosures

cc: Rural Development Specialist  
Beckley, WV

Ralph Bassett, Jr.  
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418 Goff Mountain Road  
Charleston, WV 25313

Steptoe & Johnson  
John Stump  
Attorney at Law  
P.O. Box 1588  
Charleston, WV 25326

Project Construction Budget

| <u>PROJECT COST</u> | <u>RUS LOAN</u>  | <u>TOTAL</u>     |
|---------------------|------------------|------------------|
| CONSTRUCTION        | \$ 1,403,790     | \$ 1,403,790     |
| CONST. CONTINGENCY  | \$ 149,144       | \$ 149,144       |
| LAND & RIGHTS       | \$ 35,000        | \$ 35,000        |
| LEGAL FEES          | \$ 12,775        | \$ 12,775        |
| BOND COUNSEL        | \$ 13,720        | \$ 13,720        |
| ACCOUNTING          | \$ 3,500         | \$ 3,500         |
| ENGINEERING FEES    | \$ 157,055       | \$ 157,055       |
| Basic - \$ 45,015   |                  |                  |
| Insp. - \$ 90,040   |                  |                  |
| Special - \$ 22,000 |                  |                  |
| INTEREST            | \$ 192,500       | \$ 192,500       |
| PSD ADMINISTRATION  | \$ 29,960        | \$ 29,960        |
| INTERIM FINANCING   | \$ 19,250        | \$ 19,250        |
| PROJECT CONTG.      | \$ 63,920        | \$ 63,920        |
| PERMITS             | \$ 23,386        | \$ 23,386        |
| <br>TOTAL           | <br>\$ 2,104,000 | <br>\$ 2,104,000 |

Rates

Available for general domestic, commercial, and industrial service.

|       |       |           |         |               |
|-------|-------|-----------|---------|---------------|
| First | 2,000 | gallons @ | \$ 6.56 | per M gallons |
| Over  | 2,000 | gallons @ | \$ 6.56 | per M gallons |

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

|             |       |             |           |
|-------------|-------|-------------|-----------|
| 5/8" x 3/4" | meter | \$ 13.12    | per month |
| 3/4"        | meter | \$ 19.68    | per month |
| 1"          | meter | \$ 32.80    | per month |
| 1 1/2"      | meter | \$ 65.60    | per month |
| 2"          | meter | \$ 104.96   | per month |
| 3"          | meter | \$ 196.80   | per month |
| 4"          | meter | \$ 328.00   | per month |
| 6"          | meter | \$ 656.00   | per month |
| 8"          | meter | \$ 1,049.60 | per month |

Minimum Monthly Bill \$13.12 for 2,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

\$25.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
USE AND INCOME ANALYSIS  
EXISTING SYSTEM

| Blocking             | Cust. | Gal/<br>Mo. | Minimum<br>Bills | ALL GALLONS<br>PER MONTH             |
|----------------------|-------|-------------|------------------|--------------------------------------|
| 0 - 2000             | 1,310 | 1,450.00    | 1,310            |                                      |
| all meter sizes/1000 | 5,906 | 38,328.90   |                  | 38,328.90                            |
| <hr/>                |       |             |                  |                                      |
| Monthly Total        | 7,216 | 39,778.90   | 1,310.00         | 38,328.90 0.00                       |
| <hr/>                |       |             |                  |                                      |
| Proposed Rates       |       |             | \$ 13.12         | \$ 6.56                              |
| <hr/>                |       |             |                  |                                      |
| Monthly Revenues     |       |             | \$ 17,187.20     | \$ 251,437.58 \$ - \$ 268,624.78     |
| <hr/>                |       |             |                  |                                      |
| Annual Revenues      |       |             | \$ 206,246.40    | \$ 3,017,251.01 \$ - \$ 3,223,497.41 |
| <hr/>                |       |             |                  |                                      |

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
PUTNAM UTILITIES  
USE AND INCOME ANALYSIS

| Blocking             | Cust. | Gal/<br>Mo. | Minimum<br>Bills | ALL GALLONS<br>PER MONTH |
|----------------------|-------|-------------|------------------|--------------------------|
| 0 - 2000             | 46    | 86.30       | 46               |                          |
| all meter sizes/1000 | 111   | 637.80      |                  | 637.80                   |
| <hr/>                |       |             |                  |                          |
| Monthly Total        | 157   | 724.10      | 46.00            | 637.80 0.00              |
| <hr/>                |       |             |                  |                          |
| Proposed Rates       |       | \$ 13.12    | \$ 6.56          |                          |
| <hr/>                |       |             |                  |                          |
| Monthly Revenues     |       | \$ 603.52   | \$ 4,183.97      | \$ - \$ 4,787.49         |
| <hr/>                |       |             |                  |                          |
| Annual Revenues      |       | \$ 7,242.24 | \$ 50,207.62     | \$ - \$ 57,449.86        |
| <hr/>                |       |             |                  |                          |



SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
USE AND INCOME ANALYSIS  
KANAWHA VALLEY EXTENSION AREA

| Blocking         | Cust. | Gal/<br>Mo. | Minimum<br>Bills   | ALL GALLONS<br>PER MONTH |
|------------------|-------|-------------|--------------------|--------------------------|
| New Users        | 500   | 2,228.00    |                    | 2,228.00                 |
| Monthly Total    | 500   | 2,228.00    | 0.00               | 2,228.00 0.00            |
| Monthly Revenues |       |             | \$ 13.12 \$ 6.56   | \$ - \$ 14,615.68        |
| Annual Revenues  |       |             | \$ - \$ 175,388.16 | \$ - \$ 175,388.16       |

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
USE AND INCOME ANALYSIS  
MIDWAY EXTENSION AREA

| Blocking         | Cust. | Gal/<br>Mo. | Minimum<br>Bills | ALL GALLONS<br>PER MONTH |
|------------------|-------|-------------|------------------|--------------------------|
| New Users        | 50    | 247.00      |                  | 247.00                   |
| Monthly Total    | 50    | 247.00      | 0.00             | 247.00 0.00              |
|                  |       | \$ 13.12    | \$ 6.56          |                          |
| Monthly Revenues |       | \$ -        | \$ 1,620.32      | \$ - \$ 1,620.32         |
| Annual Revenues  |       | \$ -        | \$ 19,443.84     | \$ - \$ 19,443.84        |

*SOUTH PUTNAM PUBLIC SERVICE DISTRICT (MIDWAY)*  
OPERATING BUDGET

OPERATING INCOME

|                        |              |                     |
|------------------------|--------------|---------------------|
| Metered Sales          | \$ 3,475,777 |                     |
| Penalties              | \$ 47,408    |                     |
| Other Income           | \$ 21,076    |                     |
| Reconnect Fees         | \$ 950       |                     |
| TOTAL OPERATING INCOME |              | <u>\$ 3,545,211</u> |

NON OPERATING INCOME

|                            |          |                 |
|----------------------------|----------|-----------------|
| Interest income            | \$ 3,469 |                 |
| TOTAL NON OPERATING INCOME |          | <u>\$ 3,469</u> |

TOTAL INCOME

\$ 3,548,680

EXPENSES

|                |              |                     |
|----------------|--------------|---------------------|
| *O & M         | \$ 2,056,881 |                     |
| Taxes          | \$ 81,564    |                     |
| TOTAL EXPENSES |              | <u>\$ 2,138,445</u> |

INCOME AVAILABLE FOR D/S (A)

\$ 1,410,235

DEBT SERVICE

|  |            |                     |
|--|------------|---------------------|
| Existing Bond P & I (B)                  | \$ 731,412 |                     |
| Proposed Bond P & I (B) (Kanawha Valley) | \$ 267,684 |                     |
| Proposed Bond P & I (B) (Midway)         | \$ 113,880 |                     |
| TOTAL DEBT SERVICE                       |            | <u>\$ 1,112,976</u> |

DEBT SERVICE RESERVE

|                            |           |                  |
|----------------------------|-----------|------------------|
| Debt Service Reserve       | \$ 85,481 |                  |
| TOTAL DEBT SERVICE RESERVE |           | <u>\$ 85,481</u> |

SURPLUS (DEFICIT)

\$ 211,778

DEBT COVERAGE (A/B)

\$ 1.27

Based on RUS loan of \$2,104,000 at a 4.375% interest rate for 38 years.

\*Existing O&M = \$1,934,557; Proposed O&M for Kanawha Valley = \$85,613;  
Proposed O&M for Midway = \$36,613 (30% of \$122,304)

\*\*Per WVPSC, the PSD will not be allowed to show a surplus in future Annual Reports.  
This money will be shown in capital improvements for the system.

**UNITED STATES DEPARTMENT OF AGRICULTURE  
 RURAL UTILITIES SERVICE  
 Water and Waste Processing Checklist**

| <u>Form Number</u>  | <u>Document or Action</u>                                       | <u>Number Needed</u> | <u>Procedure Reference</u> | <u>Provided By</u>    | <u>Target Date</u> | <u>Date Received</u> | <u>File Position</u> |
|---------------------|---|----------------------|----------------------------|-----------------------|--------------------|----------------------|----------------------|
| SF 424.2            | Application for Federal Assistance                              | 3                    | 1780.31(b)                 | Applicant             |                    | HAVE                 | 3                    |
|                     | Duns Number   | 1                    |                            | Applicant             |                    | HAVE                 | 3                    |
|                     | CAIVRS Number   | 1                    |                            | RUS                   |                    |                      | CPAP Form            |
|                     | Public Notice of Intent to File App./ Env. Notice               | 3                    | 1780.19(a)<br>1794         | Applicant             |                    | HAVE                 | 3                    |
| Bulletin 1780-22    | Applicant Eligibility Certification/ Other Credit Certification | 1                    | 1780.33(d)                 | Applicant             |                    |                      | 3                    |
|                     | Bond Ordn. or Resol. On Outstanding Debts                       | 1                    | 1780.33(e)                 | Applicant/ Attorney   |                    |                      | 5                    |
|                     | Bonds or Notes Outstanding Debt                                 | 1                    | 1780.33(e)                 | Applicant/ Attorney   |                    |                      | 2                    |
|                     | Audit for last year of operation                                | 1                    | 1780.33(e)                 | Applicant/ Accountant |                    | HAVE                 | 1                    |
|                     | Staff Review Financial Statements                               | 1                    | S.I. 1780.2                | RUS                   |                    |                      | 1                    |
| EJCDC No. 1910-1-FA | Agreement between Owner & Engineer                              | 3                    | 1780.39(b)                 | Applicant/ Engineer   |                    | HAVE                 | 6                    |

| <u>Form Number</u>                | <u>Document or Action</u>   | <u>Number Needed</u> | <u>Procedure Reference</u> | <u>Provided By</u>  | <u>Target Date</u> | <u>Date Received</u> | <u>File Position</u> |
|-----------------------------------|---|----------------------|----------------------------|---------------------|--------------------|----------------------|----------------------|
| Bulletin 1780-7 or other approved | Legal Services Agreement with Local Attorney                          | 3                    | 1780.39 (b)(2)             | Applicant/ Attorney |                    | HAVE                 | 5                    |
|                                   | Site Visit  |                      | S.I. 1780-2                | RUS                 |                    |                      | 3                    |
|                                   | Processing Conference   | 1                    | 1780.39(a)                 | RUS                 |                    |                      | 3                    |
|                                   | Environmental Report  | 2                    | 1794                       | Applicant           |                    | HAVE                 | 3                    |
|                                   | Environmental Assessment  | 2                    | 1794                       | RUS/ Engineer       |                    | HAVE                 | 3                    |
|                                   | FONSI/ Evidence of Publication  | 1                    | Exhibit 1 RUS 1794 News Ad | RUS/ Applicant      |                    | HAVE                 | 3                    |
| Bulletins 1780-2 1780-3           | Preliminary Engineering Report  | 2                    | 1780.33(c)                 | Engineer            |                    | HAVE                 | 6                    |
|                                   | Staff Engineer PER Review   | 1                    | 1780.33(c)                 | RUS                 |                    | HAVE                 | 3                    |
|                                   | Bill Analysis for existing system(s)                                  | 2                    | 1780.33(c)                 | Applicant/ Engineer |                    | HAVE                 | 8                    |
|                                   | Projected Bill Analysis for New Users                                 | 2                    | 1780.33(c)                 | Applicant/ Engineer |                    | HAVE                 | 8                    |
|                                   | Statement reporting the <u>total</u> number of <u>potential</u> users |                      | 1780.33(c)                 | Applicant/ Engineer |                    | HAVE                 | 8                    |
|                                   | Copy of Existing Rate Tariff  | 2                    | 1780.33                    | Applicant           |                    | HAVE                 | 8                    |
|                                   | Applicant's IRS Tax Number(TIN)                                       | 1                    | 1780.33(g)                 | Applicant           |                    | HAVE                 | 3                    |

| Form Number     | Document or Action  | Number Needed | Procedure Reference | Provided By       | Target Date | Date Received | File Position |
|-----------------|---|---------------|---------------------|-------------------|-------------|---------------|---------------|
|                 | Agency Determination on the Availability of "Other Credit" with Documentation | 1             | 1780.7(d)           | RUS               |             |               | 3             |
|                 | Documentation on Service Area   | 1             | 1780.11             | RUS               |             |               | 3             |
| Bulletin 1780-1 | Project Selection Criteria  | 2             | 1780.17             | RUS               |             | HAVE          | 1             |
|                 | Letter of Conditions  | 7             | 1780.41 (a)(5)      | RUS               |             | HAVE          | 3             |
| Exhibit A / A-1 | Certifications Regarding Lobbying   | 2             | 1780.33(h)          | Applicant         |             | HAVE          | 2             |
| CPAP Form       | Project Summary   | 3             | 1780.41(a)          | RUS               |             | HAVE          | 1             |
| RD 442-7        | Operating Budget  | 3             | 1780.33(h)          | Applicant         |             | HAVE          | 3             |
| CPAP Form       | Project Fund Analysis   | 3             | 1780.41(a)          | RUS               |             | HAVE          | 2             |
| RD 1940-1       | Request for Obligation of Funds   | 4             | 1780.41(a)          | RUS/<br>Applicant |             | HAVE          | 2             |
| RD 1942-46      | Letter of Intent to Meet Conditions   | 2             | 1780.41 (a)(6)      | Applicant         |             | HAVE          | 3             |
| AD 1047         | Certification Regarding Debarment (Primary)                                   | 1             | 1780.33(h)          | Applicant         |             | HAVE          | 5             |
|                 | Relationships/ Associations with Agency Employees                             | 1             | 1780.1(f)           | RUS               |             | HAVE          | 3             |

| <u>Form Number</u> | <u>Document or Action</u>   | <u>Number Needed</u> | <u>Procedure Reference</u> | <u>Provided By</u>      | <u>Target Date</u> | <u>Date Received</u> | <u>File Position</u> |
|--------------------|---|----------------------|----------------------------|-------------------------|--------------------|----------------------|----------------------|
| RD 1910-11         | Applicant Certification, Federal Collection Policies                          | 1                    | 1780.33(h)                 | Applicant               |                    | HAVE                 | 3                    |
| Bulletin 1780-27   | Loan Resolution   | 1                    | 1780.45 (a)(2)             | Applicant               |                    | HAVE                 | 5                    |
| RD 400-1           | Equal Opportunity Agreement   | 1                    | 1901-E                     | Applicant               |                    | HAVE                 | 6                    |
| RD 400-4           | Assurance Agreement   | 1                    | 1901-E                     | Applicant               |                    | HAVE                 | 3                    |
|                    | Legal Services Agreement with Bond Counsel                                    | 1                    | 1780.39 (b)(3)             | Applicant/ Bond Counsel |                    |                      | 5                    |
|                    | Agreement for Accounting Services   | 1                    | 1780.39 (b)(2)             | Applicant/ Accountant   |                    | HAVE                 | 5                    |
|                    | Sewer Users Agreement or State Health Dept. Mandatory Hook-Up Commitment Ltr. | 1                    | 1780.39 ( c ) ( 3 )        | Applicant               |                    |                      | 5                    |
|                    | Evidence of Users:  |                      |                            |                         |                    |                      |                      |
|                    | 1. Map of Users with each identified by number                                | 1                    | LOC                        | Applicant               |                    |                      | Separate File        |
|                    | 2. List of Signed Users Numbered to Map                                       | 1                    | LOC                        | Applicant               |                    |                      | 5                    |
|                    | 3. List of Declination Statements Numbered to Map                             | 1                    | LOC                        | Applicant               |                    |                      | 5                    |

| Form Number  | Document or Action                       | Number Needed | Procedure Reference    | Provided By                    | Target Date | Date Received | File Position |
|--|--|---------------|------------------------|--------------------------------|-------------|---------------|---------------|
| 4. Certification Relative to Existing Users        |  |               |                        |                                |             |               |               |
|  |  | 1             | LOC                    | Applicant                      |             |               | 5             |
| Verification of Users                              |  |               |                        |                                |             |               |               |
|  |  | 1             | 1780.44(b)             | RUS                            |             |               | 3             |
| Sewer Treatment Contract                           |  |               |                        |                                |             |               |               |
|  |  | 1             | 1780.62/<br>1780.63    | Applicant/<br>Attorney/<br>RUS |             |               | 5             |
| Accountant's Certification                         |  |               |                        |                                |             |               |               |
|  |  | 1             | LOC                    | Applicant/<br>Accountant       |             |               | 3             |
| RUS Review of Accounting Records                   |  |               |                        |                                |             |               |               |
|  |  | 1             | S.I. 1780-4<br>(1)(ii) | RUS                            |             |               | 3             |
| Copy of PSC Rule 42 Exhibit                        |  |               |                        |                                |             |               |               |
|  |  | 1             | State                  | Attorney/<br>Accountant        |             |               | 3             |
| Lender Agreement/<br>Bulletin 1780-10/<br>1780-10a | Interim Financing Documenta-<br>tion     | 1             | 1780.39(d)             | Applicant/<br>RUS              |             |               | 1             |
|  | DOH Permit                               | 1             | 1780.15(d)             | Applicant                      |             |               | 6             |
|  | Railroad Permit                          | 1             | 1780.15(d)             | Applicant                      |             |               | 6             |
|  | Public Land Corp. Permit                 | 1             | 1780.15(d)             | Applicant                      |             |               | 6             |
|  | Corps of Engineers Permit                | 1             | 1780.15(d)             | Applicant                      |             |               | 6             |
|  | Dept. of Health Approval                 | 1             | 1780.15(d)             | Engineer                       |             |               | 6             |
|  | Dept. of Environmental Protection Permit | 1             | 1780.15(d)             | Engineer                       |             |               | 6             |



| <u>Form<br/>Number</u> | <u>Document<br/>or Action</u>                                   | <u>Number<br/>Needed</u> | <u>Procedure<br/>Reference</u> | <u>Provided<br/>By</u>              | <u>Target<br/>Date</u> | <u>Date<br/>Received</u> | <u>File<br/>Position</u> |
|------------------------|---|--------------------------|--------------------------------|-------------------------------------|------------------------|--------------------------|--------------------------|
|                        | Contract Documents, Plans & Specifications                      | 2                        | 1780.61(a)                     | Engineer                            |                        |                          | Separate File            |
|                        | Agency Determination on Procurement                             | 1                        | 1780.70(d)                     | RUS                                 |                        |                          | 6                        |
|                        | Preliminary Bond Transcript Documents w/o Defeasance Provisions | 2                        | 1780.83                        | Bond Counsel                        |                        |                          | 5                        |
|                        | Right-of-Way Map  | 1                        | 1780.44(g)                     | Engineer                            |                        |                          | Separate File            |
|                        | Deeds and/or Options  |                          | 1780.44.(g)                    | Applicant/<br>Attorney              |                        |                          | 5                        |
| RD<br>1927-9           | Preliminary Title Opinion                                       | 1                        | 1780.44<br>(g)(2)              | Applicant/<br>Attorney              |                        |                          | 5                        |
|                        | Narrative Opinion from Attorney                                 | 1                        | 1780.44(g)                     | Attorney                            |                        |                          | 5                        |
|                        | Waiver of Title Defects Letter                                  | 1                        | 1780.44(g)                     | RUS                                 |                        |                          | 5                        |
| RD<br>442-22           | Opinion of Counsel Relative to R/Ways                           |                          | 1780.44<br>(g)(1)              | Attorney                            |                        |                          | 5                        |
|                        | Review of Outstanding Judgment                                  | 1                        | 1780.7(g)                      | RUS/<br>Attorney                    |                        |                          | 3                        |
| SF 3881                | Electronic Funds Transfer Payment Enrollment Form               | 1                        | 31 CFR 208                     | Applicant/<br>Financial Institution |                        |                          | 2                        |

| Form Number   | Document or Action                                       | Number Needed | Procedure Reference | Provided By                   | Target Date | Date Received | File Position |
|---------------|--|---------------|---------------------|-------------------------------|-------------|---------------|---------------|
|               | Positive Program to Encourage Connections when Completed | 1             | 1780.39<br>(c)(5)   | Applicant                     |             |               | 5             |
|               | PSC Approval   | 1             | 1780.15(b)          | Applicant/<br>Attorney        |             |               | 6             |
|               | Bid Tabulation   | 1             | 1780.61(b)          | Engineer                      |             |               | 6             |
|               | OGC Closing Instructions                                 | 1             | 1780.44(h)          | RUS                           |             |               | 5             |
|               | S/O Closing Instructions                                 | 1             | 1780.44(h)          | RUS                           |             |               | 5             |
| RD<br>1927-10 | Final Title Opinion                                      | 1             | 1780.44<br>(g)(2)   | Applicant/<br>Attorney        |             |               | 5             |
|               | Bond Transcript Documents w/o Defeasance Provisions      | 3             | 1780.83             | Bond Counsel                  |             |               | Separate File |
| RD<br>400-8   | Compliance Review  | 1             | 1780.44(c)          | RUS                           |             |               | 5             |
|               | Liability Insurance                                      | 1             | 1780.39(g)          | Applicant                     |             |               | 7             |
|               | Workers' Compensation Certificate                        | 1             | 1780.39(g)          | Applicant                     |             |               | 7             |
|               | Flood Insurance Policy                                   | 1             | 1780.39(g)          | Applicant                     |             |               | 7             |
| 1924-16       | Record of Pre-Construction Conference                    | 1             | 1780.76(a)          | RUS/<br>Engineer              |             |               | 6             |
| AD 1048       | Certification Regarding Debarment (Contractor)           | 1 each        | 1780.33(h)          | All<br>Appropriate<br>Vendors |             |               | 5             |
|               | OGC Final Opinion  | 1             | 1780.45(g)          | RUS                           |             |               | 5             |



**United States Department of Agriculture**  
**Rural Development**  
Beckley Area Office

April 25, 2006

Jerry Kelley, Chairman  
South Putnam Public Service District  
P. O. Box 147  
Scott Depot, WV 25560

Dear Mr. Kelley:

The pre-closing date for the PSD's Midway sewer project has been established as May 10, 2006. The pre-closing will begin at 10:30 a.m. at the PSD office. Please note the pre-construction conference has been scheduled for May 11, 2006 at the PSD's office and will begin at 10:00 a.m.

Reference is made to our Letter of Conditions dated June 15, 2004. All of the requirements of that letter must be met.

Many of the aforementioned items have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. The PSD's attorney must furnish Form RD 442-22, "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated May 12, 2006.
2. The PSD's attorney must furnish Form RD 1927-10, "Final Title Opinion," on all land(s) being acquired. In addition, the attorney must provide a separate Final Title Opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated May 12, 2006.
3. The PSD's attorney must furnish an updated narrative opinion addressing all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. The opinion should be dated May 12, 2006.

481 Ragland Rd. • Beckley, WV 25801  
Phone: (304) 253-9597 • Toll Free: (800) 295-8228 • Fax: (304) 252-5809 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

4. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain necessary bond and forward same to the WVDOH requesting the permit be issued.
5. The PSD's engineer must provide a resume of the proposed inspector(s).
6. The PSD must provide a letter accepting the proposed inspector(s).
7. The PSD must provide evidence that it has acquired insurance and bond coverage in accordance with item 11 of the Letter of Conditions.
8. The PSD must furnish evidence that it provides State Workman's Compensation Insurance.

If you have any questions regarding these or any other matters pertaining to your loan, please contact this office.

Sincerely,

TERESA A. MILLER  
Rural Development Specialist

Enclosures

cc: State Director, Rural Development, Morgantown, WV  
David Moye, Attorney at Law, Hurricane, WV  
Robert R. Rodecker, Attorney at Law, Charleston, WV  
✓ John Stump, Steptoe & Johnson Bond Counsel, Charleston, WV  
Ralph Bassett, CPA, Milton, WV  
Ashok Sanghavi, S&S Engineers Inc., Charleston, WV



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

South Putnam Public Service District  
Sewer Revenue Bonds, Series 2006 A and  
Sewer Revenue Bonds, Series 2006 B  
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Putnam County Bank, Hurricane, West Virginia (the "Bank"), hereby certify that on May 12, 2006, the Bank received an automated transfer in the amount of \$135,486.25 to the credit of the Series 2006 A Bonds Project Construction Account, Account Number 1497143 for the Series 2006 A Bonds and an automated transfer in the amount of \$322,832.73 to the credit of the Series 2006 B Bonds Construction Account, Account Number 1497215 for the Series 2006 B Bonds.

WITNESS my signature on this 12th day of May, 2006.

PUTNAM COUNTY BANK

By: 

(is: Authorized Officer

J. R. Wilson, President

04.21.06  
847280.00005

CH807527.1